Daily Report

Latin America

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Argentina's Menem: Auto Accord With Brazil 'Really Good'

PY2006151395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0256 GMT 20 Jun 95

[Article by special correspondent]

[FBIS Translated Text] Sao Paulo, Brazil, 19 Jun (NA) — President Carlos Menem tonight considered as "really good" the provisional agreement that has been reached by Argentina and Brazil regarding the matter of the commercialization of vehicles. The agreement suspends for 30 days the restrictions on the import of vehicles from the other Mercosur [Common Market of the South] countries.

However, Menem let it be known that the key to future negotiations resides in respecting the agreements that have already been achieved within the framework of Mercosur.

In the first remarks that he made after the meeting with his Brazilian colleague, Fernando Henrique Cardoso, the Argentine chief of state stated that the two countries had arrived at "the conclusion that it must be clearly and firmly respected in spirit, in such a way that no doubts can remain."

After the key meeting, which eased the tensions caused by the controversy that had emerged due to Brazil's intention of placing restrictions on the import of Argentine vehicles, Menem met with directors of the Industrial Federation of Sao Paulo State and of the Industries Center of the State of Sao Paulo, where he made these remarks.

Menem said that the agreement that has been reached with the Brazilian Government "is really a good one for the parties that are involved in this integration process."

The Argentine president also conditioned Mercosur's future development to compliance with the agreements that have been reached between the four countries that make up the trade zone.

"If we respect the agreements that we sign as times occasion, Mercosur will become one of the regions of the planet, and we will be able to successfully negotiate with the largest powers on earth," Menem said.

Argentina 'Firmly Defended' Common Mercosur Interests

PY2006172795 Buenos Aires TELAM in Spanish 1409 GMT 20 Jun 95

[FBIS Translated Text] Buenos Aires, 20 Jun (TELAM) — Foreign Minister Guido Di Tella stressed today that Argentina had firmly defended the common interests of the Mercosur [Common Market of the South] member countries, in evaluating the negotiations with Brazil on the trade in vehicles.

During the meetings that Argentine and Brazilian authorities held on 19 June, during the regional summit taking place in Sao Paulo, "we solidly and skillfully argued" the agreements that we signed within Mercosur, Di Tella told Radio El Mundo.

"In Argentina they are saying that we had not made a great effort" to defend the interests of the national vehicle industry, "but here in Sao Paulo they are saying that we are excellent negotiators and that we bested them. But we did not best anyone," the minister stressed during his dialogue with the radio from that Brazilian city.

Di Tella was asked about the clash that occurred on 19 June between President Carlos Menem and his Brazilian colleague, Fernando Henrique Cardoso, during the Mercosur economic forum.

"Basic, but very important decisions were being made, and President Cardoso was without a doubt subjected to very strong pressure" from his country's industrial sector, the Argentine foreign minister explained.

He said that "in all countries there are sectors that find it difficult to modernize and abandon privileges of the past."

"This is the great discussion in Brazil: whether to tend toward modernization, competition, and efficiency, and become a world power, or whether to opt to be a country like ours was not so very long ago, a country that sought refuge in the past, frightened of competition, demanding quotas and every kind of protection," Di Tella said.

He also believes that "there is a formal problem: Countries have continuity, and international treaties are valid. One can also, in more of an old-fashioned manner, sign papers and then not comply with the commitment. This was the kind of image that our countries had in the past."

The Argentine minister also highlighted the fact that the Brazilian president "is doing a very prudent job: He has accumulated strength and power during the months that he has been governing, and he is doing it very well."

He said that "the solution reached on 19 June (during the forum) implies a reaffirmation and acknowledgement of the Mercosur treaties," and he confirmed that "what we obtained yesterday was a joint declaration signed by the two presidents, Menem and Cardoso" to this effect.

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Argentine President Menem Denies Need of IMF 'Waiver'

PY2106032995 Buenos Aires TELAM in Spanish 2200 GMT 20 Jun 95

[Report by Raul Berneri]

[FBIS Translated Text] Sao Paulo, 20 Jun (TELAM-SEM) — President Carlos Menem said in Sao Paulo today that Argentina will not need to ask for a "waiver" [preceding word in English] from the IMF, adding that the country will end the year with a fiscal surplus of 4 billion pesos.

"We will not need to ask for a waiver from the IMF to solve our situation," Menem said during a news conferences before departing for Argentina after participating in the World Economic Forum on Mercosur [Common Market of the South] in this city.

Menem stressed that "the IMF, the Inter-American Development Bank (IDB), the World Bank, and the international banking community — particularly Japanese banks — have been a significant factor in Argentina's recovery" from the financial consequences of the so-called "tequila effect."

"We are slowly returning to the goals established in the area of revenues and this year we will have a fiscal surplus of 4 billion pesos," the president said.

Menem said "the objective has been fulfilled and we are 1 percent above what we anticipated in the area of revenues in the IMF agreements."

With respect to the agreement with his Brazilian counterpart Fernando Henrique Cardoso to solve the disagreements on the motor vehicle regime in a period of 30 days, Menem said the deadline was "a strictly administrative matter."

"If we cannot reach a satisfactory agreement in 30 days, we will continue talking and the law and what was agreed upon in Ouro Preto will continue in effect," Menem said.

The president said that sales of Argentine cars to Brazil represent "1.6 percent" of our total bilateral trade; therefore, "this very small matter should not really be the cause of any concern."

"But Brazil is concerned, and we will talk about it in order to accommodate our interests. This will be done, however, within the framework of the Ouro Preto Agreement and the spirit emerging from that pact," Menem said, attributing the differences in the area to "a bad interpretation of what was signed."

Menem denied that Argentina "was proceeding based on threats to Brazil," because that country "will never tolerate them, and neither will Argentina, because it is not the way to face these meetings, which are precisely designed to overcome such problems."

Menem said that Argentina "did not protest during the four-year period during which our bilateral trade was totally negative to Argentina, for instance."

"And now that things are more or less moving in our favor, it is appropriate to talk so as not to interrupt so abruptly this situation that is currently favoring us," the president said.

Menem said that the episode "teaches us that resolutions within Mercosur must be shared and negotiated before implementation."

The president denied that he had a "harsh exchange" with his Brazilian counterpart during the first World Economic Forum plenary session, adding, instead, that the meeting "was quite cordial."

The president refused to answer a question on Argentina's possible attitude in case of an eventual devaluation of the Real (Brazilian currency) because "it is an internal matter, and also only theorizing, but we will have to talk about it if it occurs."

"We will maintain our foreign exchange regime because as long as the dollar is devalued, we do not need to devalue our currency," Menem said.

The president said that "Argentina does not distrust Brazil," unless, Menem added as a joke, "Brazil were to distrust Argentina," which moved the audience to laughter.

Argentina's Cavallo Responds To Brazil's Werneck

PY2106040295 Sao Paulo AGENCIA ESTADO in Portuguese 2228 GMT 20 Jun 95

[Report by Flora Holzman and Nora Gonzalez]

[FBIS Translated Text] Sao Paulo, 20 Jun (AE) — Argentine Economy Minister Domingo Cavallo today flatly denied reports that Argentina is imposing import tariffs ranging between 18 and 30 percent on electronic equipment and household appliances manufactured in the Manaus Free Zone. In fact, Cavallo said, a 15 percent charge called "guarantee rate" ["reintegro"] in Argentina, which is collected from importers of washing mashines, cannot be considered to be a surcharge on Brazilian exports, but rather an instrument of Argentine domestic policy in foreign trade.

Cavallo's arguments were directly intended for Brazilian Industry Commerce and Tourism Minister Dorothea Werneck who, in remarks made at the World Economic Forum yesterday, stated that during a second

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stage Brazil will have to negotiate the end to these "inequalities."

The confusion was in fact provoked by the Brazilian administration itself when it postponed a meeting set for 31 March to list all of the items manufactured in the Manaus and Tierra del Fuego free zones. Under Trade Agreement 18 and, even before this agreement was signed; that is, under the ALADI [Latin American Integration Association]-approved Partial Agreement 14, all items from the above free zones are exempted from import tariffs.

In light of the postponement of the listing, and to pressure the Brazilian administration into drawing up the exemption list, Argentine customs started to collect an 18 percent charge on products from the Manaus Free Zone as a guarantee rate. This rate is exactly equivalent to what the Argentine Government would have collected if the agreement had not been signed. Argentine Industry Secretary Carlos Magarinos confirmed today that Argentina had stopped collecting the guarantee rate a few days ago.

At present, less than 5 percent of household appliances sold in Brazil come from Argentina. Pedro Waisman, vice president of the Association of Manufacturers of Electronic Terminals (Afarte) and vice president of the Tierra del Fuego Industrial Union, today said: "We want to hold talks with our Brazilian counterparts, not only with government officials." Waisman voiced surprise at the criticism of Brazilian manufacturers regarding the way this sector is being treated. Several Argentine industrial factories had to fold in recent years as a result of the invasion of Brazilian products, as was the case of large companies such as Yelmo (a manufacturer of household appliances) and Garef (compressors). Today, the Brazilian Arno company is a leader in the Argentine market of portable household electrical items. Additionally, many industries set up assembly lines exclusively for exporting items to Argentina, such as Grundig, which manufactures audio and video cassettes in Manaus that are intended for Argentina, and Magiclik, which just in 1993 exported 100,000 automatic stove lighters to Argentina, in addition to 5,000 other items. During the period 1991-94, trade within Mercosur registered a $3 billion surplus for Brazil, and only since late last year did Brazil start to have a trade deficit with Argentina.

Car Import Quotas Jeopardize Mercosur Integration

PY2006122295 Sao Paulo AGENCIA ESTADO in Portuguese 2249 GMT 19 Jun 95

[Report by Nora Gonzalez]

[FBIS Translated Excerpt] Sao Paulo, 19 Jun (AE) — The restrictions on vehicle imports that Brazil has imposed on Argentina have reached a point that is critical for the survival of Mercosur [Common Market of the South]. [passage omitted]

"Whenever someone wants something, an uproar follows," complained Itamaraty Integration Secretary Renato Marques, referring to the rigid position of the Argentine delegation. According to him, however, the current Brazilian situation cannot be compared to that which prevailed when the Ouro Preto Treaty was signed. "You want to freeze facts," he said. "The Brazilian situation today is different; for example, at that time we had no commercial deficit," he contended.

Today the disagreements between Planning Minister Jose Serra and Finance Minister Pedro Malan were once again obvious. Despite the fact that he was the designer of the quota system for car imports, Serra did not participate in the conversations with the Argentine economic team. In his place, Malan met with Argentine Economy Minister Domingo Cavallo. One single reason made the Brazilian Government designate Malan as negotiator: the personality of Serra, who is considered very rigid and with little inclination to negotiate.

As opposed to the planning minister, and to Cavallo himself, Malan is a conciliator, and this is why he was chosen. There were remarkable differences of treatment in the meetings between Brazilians and Argentines. During the World Economic Forum sessions today, Serra and Cavallo hardly exchanged a greeting. The Argentine minister, however, gave a long, affectionate hug to Malan at a closed door meeting that the two held with some entrepreneurs at the same forum.

The speeches by the two Brazilian economic area ministers were also divergent. While Serra emphasized the harmonization of macroeconomic policies as an essential condition for the integration of the four Mercosur countries, in another room Malan said 30 minutes later that harmonization can come only as a result of integration.

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Cuba

TV Confirms Menoyo's Participation in Seminar

FL2006174295 Havana Tele Rebelde Network in Spanish 1635 GMT 20 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] The seminar on participatory [participativa] democracy has concluded in Cienfuegos. The seminar was sponsored by Caracas' Center for Mankind; Bavaria's Heinns Seide Foundation; and CONTRAPUNTO magazine, which is published in the United States. Like others held in Cuba over the last three years, this seminar was chaired by Amalio Fiallo, a Cuban who lives in Venezuela, and included the participation of 12 other Cubans living abroad, including Eloy Gutierrez Menoyo. Foreign Minister Roberto Robaina opened the seminar, speaking on the human foundations of participatory democracy. The sessions included discussions on the tools for the people's participation and participative democracy in economic, political, cultural, and international affairs. The Cubans living abroad who participated in the seminar met Commander in Chief Fidel Castro, who asked about the development of the debates.

Ross Discusses Sugarcane Production Efforts

FL2006181695

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1045 GMT on 19 June carries live, during the regularly scheduled "Doing Radio" program, a 105-minute discussion between Pedro Ross Leal, Cuban Workers Federation (CTC) secretary general and Politburo member, and studio and field correspondents on Cuban sugarcane production efforts.

Studio participants include: Ross; Felix Fernando Garrido, program host and moderator; and Eloy Concepcion and Renato Recio, both from TRABAJADORES newspaper.

Field participants, delivering comments via telephone, include:

Humberto Concepcion, Sancti Spiritus correspondent;

Fernando Sanchez, Ciego de Avila correspondent;

Carlos Sanabria Marrero, Santiago de Cuba correspondent;

Jose Cabrera Peinado, Pinar del Rio correspondent;

Antonio Perez Ponce, Sugar Workers Union secretary general in Ciego de Avila Province;

Mirella Ojeda, Cienfuegos correspondent;

Ignacio Castillo Reyez, Sugar Workers Union secretary general in Cienfuegos Province;

Miosotis Fabelo, Camaguey correspondent;

Ernesto Rodriguez, Sugar Workers Union secretary general in Camaguey Province;

Arnoldo Garcia, Holguin correspondent;

and Jose Mejia, Guantanamo correspondent.

Recio opens the discussion by expressing concerns about Cuban sugarcane production, warning that Cuba "cannot afford the next harvest to be a regular harvest." He then asks Ross about the importance of mobilizing the work force.

Ross replies: "We have yet to reach the needed levels nationwide in tasks as important and urgent as planting, replanting, and weeding. There are provinces that stand out, that have done well, five of the 13 provinces...[pauses] 14 provinces, because there is one mill in Havana. Five of them have attained a good rate in planting, which is the prime task. Whatever is planted after this month is winter cane. We must continue planting in July. We expect the rains to recede in July, depriving the soil of much needed water. Sugarcane planted in July could die off if there is not enough water. We must take advantage of the current rainfall levels, which are ideal for planting sugarcane."

Recio points out that excess rain could prove a double-edged sword, to which Ross replies: "We must get used to the Cuban sugarcane farmers' traditional methods. We must return to carrying and planting sugarcane by hand, as Trujillo [not further identified] told TRABAJADORES. We can plant with field ponchos or ox carts where the ground is not as wet. Planting in very wet soil is highly effective. It has the disadvantage of taking longer and being more difficult, but it is a highly effective planting method. When it comes to replanting, every sugarcane farmer knows that the time to replant is immediately after the rains."

Regarding the makeup of the labor force for planting sugarcane — basic cooperative production unit (UBPC) members and their relatives, agroindustrial complex workers, sugarcane cutters now planting, and the general population — Ross states: "The labor force must be improved even further. We have not yet enlisted the help of all UBPC workers in this effort, workers of those very entities. It makes no sense to mobilize workers from the cities or other entities when the workers of those very entities are not participating in these tasks. These workers know best how to do this work: They are used to doing this work. Therefore, we must enlist their active participation in those main tasks daily."

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Concepcion reports that Holguin Province is "about to fulfill its planting goals," attributing this development to the province's ability to enlist the help of 91.8 percent of its UBPC workers. Ross states: "Holguin's efforts are commendable. Holguin enlisted the help of over 5,000 new UBPC workers in the last eight months. They have the work force for sugarcane planting and maintenance that they need today thanks to earlier efforts that the CTC and the sugarcane workers union encouraged all provinces to make. The UBPC labor force has increased by about 18,000 new workers nationwide, one-third of these enlisting in Holguin Province alone. The province today is reaping the results of its very dedicated and thorough efforts. We must continue to push this. Thousands of working-age men and women live in agrarian regions yet are not involved in agrarian labor. We must target these people first to participate in these efforts."

Garrido gives the floor to Concepcion, who reports that recent rains have hampered efforts to weed 2,000 caballerias in Sancti Spritus. He confirms that this has made it necessary to triple the province's weeding efforts.

Sanchez joins the discussion, introducing Perez.

Sanabria joins the discussion, saying that he would like to address planting and weeding efforts when it is his turn to speak.

Cabrera greets participants and expresses his interest in discussing important issues.

At 1058 GMT, there is a 10-minute break in the discussion to allow for a news update.

Fernando Garrido reintroduces dialogue with Pedro Ross at 1108 GMT and gives the floor to Ciego de Avila correspondent Fernando Sanchez, who states that the province's goal is 1,400 caballerias, of which 700 are still to be planted by month's end. Sanchez introduces Antonio Perez Ponce, secretary general of the Sugar Workers Union in the province, who discusses efforts to complete goals through daily competitions, the stores created by the Ministry of Agriculture [Minaz] as incentives for sugar workers, and the workers' commitment to meeting their goals.

Ross interjects: "The province must increase efforts to mobilize sugarcane workers; the province has 7,900 sugar workers, or 20 percent of the non-agrarian [as heard] workers in the province. You must therefore intensify efforts now." Perez Ponce responds that every complex is being visited and that the main tasks already include the highest possible number of workers. Ross stresses that "at least 50 percent of the workers of the industry and of the Minaz' lateral activities should be mobilized to these tasks. It would be illogical to mobilize workers from other sectors while the sugar workers are absent. I know they are willing to participate because 100,000 have always joined in on this task; and right now, we have 56,000 mobilized, nationwide."

Cienfuegos correspondent Mirella Ojeda next joins the cast, introducing Ignacio Castillo Reyez, secretary of the Sugar Workers Union in the province. Castillo emphasizes the fact that "the task is not easy, but we are not defeated and are working hard to reach our goals." Castillo explains that the "drought earlier in the year, and the rains now are hampering planting efforts, so 420 caballerias remain to be planted." Castillo states the province has over 9,200 workers in the UBPC, 8,200 of whom are directly involved in agrarian tasks — over 85 percent. Eloy Concepcion then takes the floor, stressing the importance of incorporating Minaz' industrial workers. Ross closes by telling Castillo: "Hurry up; do not wait for tomorrow because time is flying away and this task cannot wait."

Garrido then introduces Santiago de Cuba correspondent Carlos Sanabria Marrero, who states that the province "has planted 512.7 caballerias of the 480.7 projected." Concepcion interrupts, accenting the province's problem with weeding. Sanabria states that 1,692 caballerias are to be weeded in June, of which 610.5 caballerias have already been completed. Ross praises the work of the provinces: "There are thousands upon thousands of workers in the rural areas who are not participating in this activity, so we must draw them in, convince them, and work with them so they can participate in this activity. That is their main job, and they should join in on this task. The people of Santiago de Cuba have a heavy mobilization of workers from other entities — 1,300 sugarcane cutters. This is highly commendable, a truly revolutionary attitude: that those who participated in a harvest as difficult as the one we just completed have remained to struggle in this further essential task. However, we must ask the other workers who live in rural areas to participate as well. Santiago de Cuba has a number of UBPC workers incorporated, but it is necessary for industrial and lateral activities workers to make a better showing. There are over 200,000 sugar industry workers nationwide, and the comrade's figures do not match mine. Have we lost some sugar workers?"

Pinar del Rio correspondent Cabrera Peinado then reports that the province is almost 300 caballerias behind schedule in planting, and that 26.2 percent still require weeding. Cabrera tells of his personal experience in seeing loose cattle damaging sugarcane fields, and that only 13 percent of sugar workers are involved in agrarian tasks: "Of more than 10,000 workers, about 3,000 are working in the fields." Concepcion adds that

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the province is "doing very poorly in replanting, as well as in planting efforts, tasks that must be completed by 30 June."

Following a 10-minute pause to allow for headline news at 1130 GMT, Garrido introduces Camaguey correspondent Miosotis Fabelo, who gives the floor to her guest, Ernesto Rodriguez, secretary general of the Sugar Workers Union in the province. Rodriguez stresses "great efforts in planting are needed because of delays caused by the recent rains," and adds that the province has completed 87 percent of its plan. Ross interrupts: "That figure is not correct. Camaguey still has to plant 1,135 caballerias."

Ernesto Rodriguez responds with an explanation of efforts to overcome the low level of worker involvement. Ross replies: "In today's edition of TRABAJADORES, Julian Rizo called for increased incorporation of UBPC and sugar- mill workers. You have 4,500 sugar workers included in this struggle. That is the force that will make victory possible. Those workers have relinquished their vacations at this time. This must be emphasized. One cannot say it is a problem of workers; the problem lies in the possibility and capacity for organizing and mobilizing them. The commitment is there. There are 56,000 sugar workers involved, but there could be 100,000. This is what is needed now, especially since they have expressed their commitment to participate in this task." Castillo acknowledges that more workers should be incorporated, especially since 33 percent of the areas are in need of weeding.

Holguin correspondent Aroldo Garcia then comes on line and reports that the secret of the province's success is "hard work" early on. Garcia plays a recorded statement by Minaz representative Infante who praises the tremendous results of the emulation campaigns, while stressing that large mobilizations are not economical. Pedro Ross agrees that Holguin workers are deserving of praise, but that "more must be done to incorporate the province's industrial workers in the planting, of whom only 2,215 have joined in."

Garrido asks about resources available for the next harvest. Ross replies: "The minimum essential resources are there — unlike the last two years, the last four years — thanks to a great national effort and to the government, which has acquired financing but which must be paid back. Hence, the emphasis on the growth that must be experienced next year. That is why these tasks cannot be put off. That is why we have called upon all the workers. We must admit that the workers are responding, as they have always done. Over 216,000 workers have joined this struggle. However, I believe the tasks that need to be confronted require the participation of about 300,000 workers. We have to reach that figure. We must use those workers effectively, help them to contribute their maximum, not just mobilize them for the sake of it. We have strongly emphasized this fact. Around 25,000 or 30,000 more industrial workers can still be mobilized."

Renato Recio asks about the forthcoming nationwide opening of a network of stores at every mill, as incentives for outstanding workers. Ross adds: "The opening of these stores has already begun. On Saturday evening, I participated in the opening of one of these stores at the Abel Santa Maria Mill in Encrucijada. These stores have the same merchandise as the so-called Shoppings [previous word in English]. It is a network of stores that are being opened in every sugar mill, for industrial and agrarian workers as well as for workers mobilized by the unions. Those workers who fulfill certain goals are given the opportunity to buy things in these stores. Every time a certain goal is completed — whether weeding, fertilizing, planting, or any other task within a certain timeframe, and correctly — the worker is given the option of x amount of vouchers, equivalent to hard currency, for store purchases."

Recio stresses the importance of maintaining daily labor averages. Ross continues on the issue of the stores, adding that "although we wanted all of them to be ready by August, we cannot delay the opening of these stores. The earliest possible opening of these stores will be most beneficial, as an incentive to workers involved in the country's most important current task." Ross adds that the stores are fully equipped with air conditioning, electronic registers, scanners, etc., "exactly like the network of stores selling products in hard currency," and that about 12 or 14 stores have already opened.

Concepcion asks about herbicides and the need to triple the daily sugarcane planting rate from 106 caballerias to 390 a day in order to complete the program by 30 June. Ross adds that there is enough herbicide and equipment to treat over 55,000 caballerias. Concepcion praises Santiago de Cuba, Guantanamo, Holguin, Las Tunas, and Matanzas Provinces for their outstanding performance.

At 1200 GMT, Garrido once again breaks for headline news.

The dialogue resumes at 1209 GMT with Renato Recio stressing the importance of completing planting and replanting in the month of June, to which Ross replies: "The campaign is going to last 120 days, so why do we emphasize June so much? First of all, every month, every day within this campaign is important, but every phase has its specific significance. What is not planted in June will conspire against the availability of cane for the

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next harvest because it will imply having to use as seed cane that should have been ground. The cane planted in June will be used for seed during the next year's spring campaign. That is why we are emphasizing this."

Pedro Ross continues: "Why the emphasis on replanting? Because the rains will soon stop and replanting will no longer be possible. We must replant now and give the cane more time. This is important. Why is there emphasis on the application of herbicides? Because June is the ideal month for the spraying of herbicides. During the dry season, herbicides can only be used in fields with irrigation systems.

"Why is there emphasis on the application of fertilizers? Because this is the last month when fertilizers can be effectively applied to the cane. Any fertilizer applied later is somewhat beneficial, but not as much so. This is why there is so much emphasis on the tasks to be completed in June. In July, we will stress what needs to be done during that month."

Next, Guantanamo correspondent Jose Mejia greets Ross and extols the province's effort to overcome the decline in production experienced in the last three years. He comments that 205 caballerias have been planted and that weeding is not looking good. Mejia plays a recording of First Secretary Rider Diaz, extolling the forthcoming creation "on 13 August of a 1,000-worker sugarcane agriculture contingent to fully meet the labor demands of the 29 UBPC's in the province." Mejia adds that "it is feasible for the province to achieve the expected 30-percent leap in production."

Concepcion points out that not all the UBPC's have attained the levels expected. Ross replies: "I believe this issue is being discussed in front of a national audience, such as Radio Rebelde's, because this is also a national problem, a problem affecting the lives of every Cuban citizen. If we fail to attain the leap we must in sugar production, our lives will not change as we all hope. This is therefore important for those in the fields, as well as those over here or involved in other tasks — nursing, child care, geriatrics — every citizen. That is why we are giving it this importance.

"Almost a year ago, the CTC, at the beginning of the process of efficiency assemblies, issued five basic goals for UBPC workers, and sugarcane agrarian and industrial workers. This resulted in an emulation, the Star emulation program, since it has five goals, as a Star has five points. Whoever fulfills all five points has won the emulation campaign.

"What are these goals?

"First, to fulfill the labor force goals within the UBPC's, incorporating relatives of current UBPC members and neighbors in nearby localities. This is what we must focus on.

"Second, to build housing for UBPC workers. In this regard, the Minaz expects to build 5,000 homes this year. In the last four months, the number of homes built at the UBPC's has been insufficient, but there is a policy to prioritize housing construction in the UBPC's. Otherwise, it will not be possible to increase their labor force.

"Third, to produce enough food for the workers and their families. They have the lands and resources to do so. These workers should produce enough to feed themselves and their families.

"Fourth, to increase the use of oxen to maximize the work of UBPC workers and ease their efforts.

"Fifth, to link workers to the area, to make them responsible for a specific area and daily tasks. This will help maximize and increase the workers' income. We believe those workers linked to the nation's main job should receive the highest income. If a UBPC attains yields of over 60,000 arrobas per caballeria, then its members could have annual revenues ranging from 5,000 to 7,000 pesos each. We are working toward that, toward improving their lives, but nothing can improve without work, quality, effectiveness, and results.

"That is the reason for the emphasis we are placing on this issue these days and in the weeks to come, with the help of this radio station, and program."

Concepcion and Ross continue expanding on the importance of linking workers to specific tasks and areas, and the failure of many to understand its importance. They praise Holguin's success and discuss the possibility of inviting members of sucessful UPBC's into the program to extol the importance of linking workers to specific areas.

At 1228 GMT, Garrido solicits a final statement from Ross for the sugarcane workers. Ross says: "Today we have focused heavily on what remains to be done, and the workers who need to be mobilized. I believe I should now speak to the more than 216,000 workers immersed in this struggle, a complex and difficult struggle, and to the 56,000 industrial workers who have surrendered their vacations to join this effort, and the more than 13,000 sugarcane cutters who participated in the previous harvest and are now planting and weeding the UBPC's. I would also like to address the 98,000 UBPC members who are already involved in this struggle.

"We have focused on the over 72,000 who are still working in other tasks. We must incorporate half

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of them. But the ones already working in this task are waging an extraordinary struggle. I believe these workers, leaders, Minaz provincial representatives, and UBPC's are deserving of praise for organizing this task in such a short period — between the end of one harvest and the beginning of these efforts. We are barely in the first 20 days of a 120-day struggle. Therefore, there is still much to be done. It all depends on us doing things at the right time, and the quality of the performance. This is what it is all about. We must do things intelligently, keeping tabs on costs, rather than at any cost. These things must be done, and done with great efficiency. That is what I would ask of those participating in this effort. As a labor movement, we contribute a mere grain of sand in this struggle — the mobilization, workers' welfare, protection of their particular interests, and the general interests of all workers. This is why we have made it a priority — because the bread and future of our entire people is dependent on this."

At 1230 GMT, Garrido thanks the participants, and "Doing Radio" continues with headline news.

Sugar Industry Minister Chairs Seminar in Guantanamo

FL2006181895 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jun 95

[From the "National Radio News"]

[FBIS Translated Text] Sugar Industry Minister Nelson Torres is chairing an ongoing sugarcane harvest meeting in Guantanamo, with the participation of managers of the province's six agroindustrial complexes. They are discussing preparations for the next harvest. This is the first in a series of meetings, which will continue in Santiago de Cuba on 21 June. While participants will assess results of the recent harvest, emphasis will be placed on the overall sugarcane program and its current operation and the most important needs. Sugarcane technicians and managers in Guantanamo — one of the few provinces to fulfill its sugarcane program — assure that the province has the potential to increase agricultural yield; yet, essential jobs — such as planting, replanting, and manual cleaning — must be accelerated to achieve this goal. Torres asked the people of Guantanamo to begin July with all sugarcane areas free of weeds in the struggle for quality and to obtain a high yield in fields planted this spring.

Minister on Brazilian Role in Economic Opening

PA2106020595 Havana Radio Havana Cuba in Spanish 1300 GMT 20 Jun 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Ernesto Melendez, minister of foreign investment and economic cooperation, has said in Rio de Janeiro that Brazil could play an important role in Cuba's economic opening by integrating the businessmen of both nations.

Melendez said during a conference sponsored by support services of small- and medium-size businesses that the best possibilities to carry out joint ventures with Brazil are in the tourism and food sectors, where Cuba is very dependent on foreign investments.

Melendez said 50 countries have capital assets in 30 sectors of the national economy due to the attractive opportunities offered to foreign investors. He added that a new law on foreign investments, which is in its final draft, will be passed soon. This law will give more clarity and confidence to those interested in making investments in Cuba. The Cuban delegation headed by Melendez will tour the Brazilian states of Minas Gerais and Sao Paulo today.

Newspaper Defends Juragua Nuclear Plant

PA2006153995 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Jun 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] An article published in the Cuban newspaper TRABAJADORES says there is nothing new about attacks by U.S. Representatives Ileana Ros-Lehtinen and Lincoln Diaz-Balart on the possible completion of the Juragua electro-nuclear plant in Cuba's Cienfuegos Province.

According to Ros-Lehtinen and Diaz-Balart, if the project is completed it will endanger not only the island but also other countries in Central America and the Caribbean, as well as the United States itself. These attacks, which, as the newspaper recalls, began in 1991, were neutralized to a degree by the research branch of the U.S. Congress, the General Accounting Office, which in a report stated that the design of the Juragua plant is satisfactory.

Two French experts sent by the World Organization of Nuclear Plant Operators based in London visited the plant while it was under construction, and they said everything was in order. To confirm conditions at the project, Hans Blix, the director of the International Atomic Energy Agency, even toured the plant in January, and his spokesman subsequently announced that

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an inspection of the plant proved to be quite far from disturbing.

Haiti

Aristide Compliments Judges, Announces Projects

Port-au-Prince Signal FM Radio in Creole
1130 GMT 20 Jun 95

[Monitored in progress]

[FBIS Translated Text] ...respect other candidates and other parties. President Jean-Bertrand Aristide also appealed to all the inhabitants of the Artibonite Valley to be calm.

[Begin Aristide recording, in progress] ...everybody in the Artibonite Valley broadly, greatly, and in the manner of Lavalas [lavalaseman] [crowd cheers], with great respect and with much (?love), I bow down deeply in greeting to the magistrate; the delegate; all the other delegates here — all the judge-delegates present — all the religiious authorities, particularly Monsignor Constant; all other authorities present; and (words indistinct) with the ministers accompanying me and the other members in our delegation, once again, we re-salute you all, broadly, greatly, and in the manner of Lavalas. [end recording]

Thus, that's the story regarding the projects that are going to effected. President Aristide said he encourages the young people of Gonaives to denounce corruption, crooked wheeling and dealing, and thieve and criminals.

Thus: There are projects. There are already 132,500 gourdes on hand for Saint Michel Square; and 755,413 gourdes for holding a championship match in the town of Gonaives, where they are going to repair the soccer field in ....[pauses] Young people should seek seek to participate in sports — explained Jean-Bertrand Aristide, who asked them to hasten to abandon corruption. Since 1 June, there are 144,500 gourdes that are available for repairing the square in Marmelade; and President Aristide also seized the opportunity to greatly compliment the justices of the peace in Gonaives for the work they are doing.

We remind listeners that President Aristide is going to meet with Lavalas candidates at the National Palace today, at around 1100.

EDH Union To Campaign Against Privatization

Port-au-Prince Signal FM Radio in Creole
1030 GMT 20 Jun 95

[FBIS Translated Excerpt] EDH's [Electricite d'Haiti, the national electric power company] union has broken its silence, to say no to the plan to privatize the public enterprises. During a meeting it had with the press, the EDH workers union said the union is not in favor of the idea of privatizing the enterprise. They set as an objective for themselves to resolve the problems EDH is facing today. Here is a report by Jean Luckenson.

[Luckenson] The leadership committee of the EDH workers union, (Sestredh), sat down with the press on 19 June at the union's headquarters to present a report of the situation at EDH dating from before the coup d'etat of 1991 until the return of the priest [jiska wetou monpe], and to state their position against privatizing the EDH, a privatization that they consider a scourge that is going to come to and finish doing in the Haitian masses, who are already undergoing all sorts of travails. (Sestredh) coordinator (Jean Harry Clerveau) asked the press to support strongly the battle being waged against privatization, which is a violent poison. In the EDH offices in the country's nine geographical departments, they are going to put up banners against privatization, said Mr. (Clerveau), who stressed that they had had to leave the country and go suffer the humiliation of a forced exile overseas. However, after a training seminar — given by Canadian unionists — that they took, they came to understood that they must today fight and struggle, and they decided not to stay out of the country, and instead came home to wage the battle here. They intend to struggle to change the face of EDH, which has been sabotaged by the family of 30 September [the coupists]. They say no to privatization; yes, to getting EDH back up on its feet. [passage omitted consisting of (Clerveau) recording]

CGT To Meet With Party Representatives

Port-au-Prince Signal FM Radio in Creole
1130 GMT 20 Jun 95

[FBIS Translated Excerpt] The CGT [General Federation of Workers] is going to meet with representatives of political parties in the Department of the West at the Christopher Hotel tomorrow, Wednesday 21 June, from 1000 to 1400. This mobilization, this meeting between the union and the political leaders, is being held on the occasion of the coming elections, so as to — said (Porcenet Joachin) — learn the opinion of the political leaders as regards certain problems the Haitian people are confronting, principally the problems of Haiti's workers.

There have already been two other such meetings held: one in Les Cayes on Saturday 3 June; another in Gonaives on Sunday 18 June.

By doing this, the unionists want to make sure that the person receiving the Haitian people's mandate will take in hand the important dossiers — such as the matter

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of privatization, unemployment, and agrarian reform — confirmed (Porcenet Joachin), who is executive secretary of the CGT. [passage omitted consisting of (Porcenet Joachin) recording]

CEP Rejects Responsibility for Printing 'Blunder'

Port-au-Prince Radio Metropole in French
1600 GMT 20 Jun 95

[FBIS Translated Text] The CEP [Provisional Electoral Council] was to begin distributing ballots to the Departmental Electoral Bureaus [BED] and the Communal Electoral Bureaus [BEC]. Some 10 million ballots printed in the United States will be distributed to 10,031 polling stations nationwide for a total of 3.5 million registered voters; and 55,000 people will be recruited for the electoral operations of 25 June.

During a press [word indistinct] yesterday, the CEP authorities also said that the council will be given logistic support for the 25 June and 23 July electoral operations by the United Nations and UNMIH [UN Mission in Haiti]. Nevertheless, the CEP deplored certain problems related to the printing of the ballots. Here is Rodrigue Sejour [with a report].

[Begin Sejour recording] The ballots have been in Haiti since 17 June, announced the president of the CEP. During a press conference Monday, Anselme Remy revealed that the ballots of the independent candidates have been printed without emblems — a situation deemed very serious, to the point where the CEP has refused to accept any responsibility for that blunder. Remy maintained that the emblems of all the independent candidates save 12 who were unacceptable for technical reasons were sent to the institution in charge of printing the ballots. In order to remedy this situation, the CEP promises to assist, via Haitian observers, any voters having trouble identifying the candidates for whom they wish to vote. Here is Anselme Remy.

[Begin Remy recording, in Creole] [Word indistinct] case of such a situation, we will send the registered voters to the members of the BEC and of the polling stations, so that (?the first time it happens), to the extent that it is possible, the national observers — because, for the first time in Haiti we will have national observers...[pauses] national observers who, assisted by the representatives of the political parties, will — should a voter appear who cannot read or write and needs help and would like to vote for an independent candidate whose photograph does not appear on the ballot — help the voter in question identify the candidate. [end Remy recording]

[Sejour] Remy stressed, furthermore, that 3.5 million voters are registered to vote in the 25 June elections, and 10,031 polling stations will be set up throughout Haiti. Only 9,000 were initially planned. Fifty-five thousand people to work in these stations will be hired by the CEP. By 23 June at the latest, all the polling stations will be equipped with election materials — said Remy, further, who seized the opportunity to express his thanks to the United Nations, UNMIH, and other foreign agencies for their logistic support. Without their help, the mission would be difficult — said Remy.

Remy also announced that the CEP is going to rule on a project aimed at putting in place the structures for the territorial assemblees [des assemblees territoriales].

[Begin Remy recording, in Creole] There is that project. If it is approved and if the council finds it satisfactory, as of the run-off election, we will...[rephrases] it is our intention to hold second-level elections, for the territorial assemblies. Now, we know that once the territorial assemblies are in place, [words indistinct] already have a procedure for us to...[rephrases] for another [word or words indistinct], until we arrive at the Permanent Electoral Council. That is a way for us, ourselves, to seek to ensure that, as quickly as possible — [repeats] as quickly as possible, and I mean as quickly, quickly, quickly as possible — we arrive at a Permanent Electoral Council, as per the requirements of the Constitution. [end Remy recording]

We point out that the CEP plans to make public the official results of the election within eight to 10 days from the date of the election. The CEP once again reiterated its committment to holding free, honest, and democratic elections.

Students To File Suit Against University Officials

Port-au-Prince Signal FM Radio in Creole
1130 GMT 20 Jun 95

[FBIS Translated Text] The Student Struggle Committee [Komite Lit Etidyan Yo, KLE] was to have filed suit yesterday, at the Department of the Public Prosecutor of the Civil Court of Port-au-Prince, against the former minister of national education, whom they accuse of complicity in the repression against the student (?leadership) during the three years that followed the coup d'etat of September 1991. The suit also involves the former rector, the former dean, certain teachers, and a few students as well. The students are calling for arrests, so that justice will be served and reparation effected — said (Roland St. Justine), a member of the student organization.

According to the students, 19 June will ever remain a memorable day in the lives of Haitian students, says

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the KLE, because on 19 June, the date Marc Bazin was installed as de facto prime minister, [words indistinct] students were held hostage until very late at night at the Teachers Training College [Ecole Normale Superieure] in Port-au-Prince by attaches.

Among the people whose arrest KLE is calling for is former minister and former rector (Marc Carre), (Charles Poisset-Roumain), Gerard Bissainthe, (Chavannes Bouillon), Henri Piquion, (Julio Fievre), (Joseph Adrien), (Jacques Edouard Baker), and (Lucien Bernard).

The KLE (?encompasses) several students associations from differents public faculties in the capital. They met the press yesterday.

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Slowness in Credit Restructuring Viewed

PA1806174295 Mexico City EL FINANCIERO in Spanish 16 Jun 95 p 5

[Report by Alicia Salgado]

[FBIS Translated Text] Despite the fact that the Finance and Public Credit Secretariat announced on 4 April a Credit Support Program for the Manufacturing Sector [Programa de Apoyo Crediticio a la Planta Productiva] worth 76 billion new pesos, up to 15 June only five banks had turned over to the Bank of Mexico restructured credits in Investment Units (UDI) worth less than 500 million new pesos, which only represents 0.67 percent.

According to information collected by EL FINANCIERO, the slowness in the credit-restructuring process is due to two factors: the effects caused by credit portfolio assessments, updated by the same banks in March, on the need to create reserves; and having to await authorizations from the National Banking and Securities Commission (CNBV) for medium and high risk credits, mostly classified as "expired portfolio."

In view of the program delays and complaints by entrepreneurial representatives, the Bank of Mexico on 8 June called for a meeting with the treasurers of the banks participating in the program, presided over by Deputy Governor Francisco Gil, in which only Banamex [National Bank of Mexico], Bancomer [Bank of Commerce], Serfin, Bancrecer, and Cremi were the institutions that had effectively restructured entrepreneurial credits in UDI.

In the case of the first bank, even though it has the largest amount assigned in the program (17.949 billion new pesos), it had only documented 0.08 percent, according to what Gil Diaz was told at the meeting, but the institution has accumulated restructures worth approximately 2 billion new pesos, which are still pending.

As far as results go, on Monday following a series of meetings with the responsible bank committees, the CNBV issued on 12 June circular No. 1240 addressed to multiple service banks instructing them to "deliver weekly reports on the amount and number of credit restructures, that they list the amounts, terms, and interest rates of their UDI collections, specifying if it is part of the Credit Support Program for the Manufacturing Sector belonging to Credit Support Program for States and Municipalities, "other UDI-based schemes, including collections, or other programs or schemes that include refinancing mechanisms implemented by these institutions." [quotation marks as published]

Likewise, monthly reports are required on the options or terms, quantity, amount, percentage of expired account portfolios, financial margin, refinanced interests, associated funds, and interest rates of the restructured credits listed in the preceding paragraph.

Even though the Mexican Association of Bankers (ABM) announced on Wednesday that operations had been approved worth 10 billion new pesos out of 22,400 individual credits, these have not been carried out mostly because most banks have "directed" the UDI restructure toward portfolios catalogued under groups C and D because "there is no need to build additional reserves to remove them from the banks' balance and place them in specific accounts."

A bank analyst said: "That costs banks, because one cannot ignore that banks must establish additional reserves in the second quarter, because the overdue-loans portfolio increased from more than 62 billion new pesos to 96 billion new pesos between March's closing and May's closing."

It should be stressed that the agreement signed between the Finance and Public Credit Secretariat and the ABM establishes that loans to be included in the trusteeship to be funded by the bonds emitted by the Bank of Mexico at UDI rates require the establishment of a 15 percent reserve of the total amount to be refinanced in Units of Account.

In addition, the refinancing of portfolio loans classified at levels C and D requires the CNBV's authorization because of the large risk they represent, and to guarantee that loans which might be classified at level D — according to the bank loan classification system due to their doubtful recovery and the poor viability of the companies — are not included.

The loans classified at the minimum-risk level total more than 444,520,000,000 new pesos. Banks do not establish reserves for these loans, but in case refinancing in UDI's were accepted, the banks would have to establish a 15 percent reserve, which, for all reasonable purposes "is inconvenient."

The low-risk level loans, that is classification B loans, obligate the bank to establish a 10 percent reserve on the total amount. In March, the portfolio for the system totaled 94,565,700,000 new pesos.

If these loans are refinanced in UDI's, the banks have to put aside an additional 5 percent in reserves, removing them from the bank's balance. The informant said that the amount "of additional reserves is considered low and that is why up to now, in the majority of refinancing cases, the agreements reached with clients have been accepted from this level on down."

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"In the case of loans classified as C, which in the classification system could be on the borderline of the overdue-loan portfolio, which are ready to fail, banks are obligated to establish reserves of 20 percent, which when removed from the bank's balance would allow 5 percent in savings, compensating for the funds in level B. The amount of this portfolio in the system totals 34,960,000,000 new pesos which, compared to the existing portfolio classified as A or B, is substantially less."

Finally, in cases of high risk level, or D, which reached 17,415,400,000 new pesos in March, the authorization of the CNBV is required and must be accompanied by a very detailed company feasibility study based on worst-case scenarios which could at any moment pass into the "irrecoverable," or E level, which cannot be refinanced in UDI's.

Loans classified at level E demand 80 percent reserves, and the remainder 100 percent, in case "banks could reduce them from their balance, against the 15 percent they must carry, they would find much relief in the establishment of previsions against credit risks." Irrecoverable loans total 7,218,300,000 billion new pesos.

Column Views Crisis in Financial System

PA1606133595 Mexico City EL FINANCIERO in Spanish 14 Jun 95 p 14

["Business Table" column by Herminio Rebollo Pinal]

[FBIS Translated Text] Although over 10 days ago I spoke in this column about the negotiation of Serfin Bank's "Financial Strengthening" plan, details regarding the size of the hole in the Mexican financial system are still surprising.

Regardless of how you look at it, the reorganization of the institution headed by **Adrian Sada** from Monterrey will cost millions.

Consider the 2.170 billion new pesos for recapitalization, or Fobaproa's [Savings Protection Banking Fund] portfolio purchase of 4.340 billion new pesos, or the fact that reserves increased by 3 billion new pesos, or the renegotiation of 3.2 billion new pesos in private freeway debts. In a nutshell, this adds up to almost 10 billion new pesos, three times what its cost Serfin in January 1992, which was expensive then.

Financial analysts yesterday wondered a great deal about what has happened to the financial system:

Banks not only were not sold at high prices but, must more money be injected into them now?

The 60 billion new pesos that were obtained from the reprivatization allowed the government to pay its domestic debt. Did the portfolio purchase, Fobaproa, and Procapte [Temporary Capitalization Program], which also ended up as domestic debts, annul what was achieved a few years ago?

Is the current chaos to be blamed solely on the mistakes made in December? Did the bankers really believe everything that Salinismo [Carlos Salinas de Gortari's administration] sold them, and not one of them make provisions in case it all turned out to be unreal?

How much more will the current hole in the national financial system cost the country?

Who must pay for this?

The freeway renegotiation program is expected to be ready by Tuesday. It reportedly may amount to 25 billion new pesos in UDI [Investment Units]. This will be just another chapter of this already very long story.

And the Emergency Plan?

Bad news with regard to the emergency program that is being cooked up by the government and private sector leaders. Everything indicates that it will not be ready tomorrow as expected.

Throughout the morning of 13 June there was a meeting of corporate presidents, still under the leadership of **Luis German Carcoba**, with Finance Secretary **Guillermo Ortiz**, but nothing. They could not reach an agreement.

As far as is known, the small margin for maneuvers the IMF and White House have left the government has prevented it from making a viable offer, one worth while, which would also signal that despite the government's insensitivity, someone is interested in the productive sector.

Thus far the business sector has spoken of reactivating construction and housing, and stepping up delayed government payments, among other measures.

Nevertheless, it seems as if the only thing the government offered the businessmen yesterday was UDIs and more UDIs which, quite frankly, are no longer convincing even to optimists.

If any government official believes that the negotiation is the result of the business leaders' whim, he could get a scare one of these days. The uneasiness and crises at industries, stores, and businesses in general are going beyond their organizations. If this happens it will be difficult for the government to control the situation.

The problem is that **Guillermo Ortiz** yesterday left for London where he will meet with government officials and businessmen, in addition to participating in *Euromoney* magazine's annual forum. On Friday Ortiz

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will travel to Frankfurt and Spain, where he will meet with bankers.

Meanwhile, tomorrow at the breakfast during which a new CCE [Business Coordinating Council] president will be sworn in, the businessmen will learn about the rescue measures that are so very necessary.

At the Dessert ...

The bill presented yesterday by Senator **Larry Pressler** to the U.S. Senate for approval wastes nothing and is very favorable to Mexico. It radically changes the rules pertaining to telecommunications services in the United States. The bill, already discussed and approved by the U.S. Senate's Trade, Science, and Transportation Committee, includes the United States in the so-called "universal telecommunications service. [quotation marks as published].

In addition, the bill amends the legal mechanisms for ample competitiveness on local, long distance, and wireless telephone communications, as well as satellite, radio, and television communications. Also, it allows electricity, oil, and gas enterprises, and others with networks suitable to be turned into public networks, to enter the telecommnications market. The bill eliminates federal and state barriers against free competitiveness in all markets and subjects telecommunications service rates to market rules. It leaves telephone enterprises free to access the cable television market and offer any other telecommunications services, be they cable or wireless. Finally, the bill favors Telmex [Mexican Telephone Co.] in its long-standing lawsuit. The 25-percent foreign investment in the telecommunications enterprises clause has been replaced by whatever percentage exists in the country where the investment originates.

Magistrate Polo Uscanga Found Dead in Mexico City Office

PA2006165295 Mexico City NOTIMEX in Spanish 1543 GMT 20 Jun 95

[FBIS Translated Text] Mexico City, 20 Jun (NOTIMEX) — The body of Magistrate Abraham Polo Uscanga, killed by a gunshot wound to the head, was found today under a chair in his office on one of Mexico City's main avenues, the police disclosed today. The body of the Mexican judge was identified by his driver, according to a police source. Polo Uscanga, who had requested an investigation on presumed violations of judicial branch autonomy and had complained about "pressure" from the Supreme Electoral Tribunal, had been missing since yesterday afternoon.

Death Detailed by Attorney General

PA2106035095 Mexico City Radio Red Network in Spanish 0000 GMT 21 Jun 95

[From "The Night Monitor" newscast — monitored in progress]

[FBIS Translated Text] ...attorney general of the capital. Let us now listen to Jorge Olea. There is important news at the Mexico City Attorney General's Office. Go ahead.

[Olea] Thank you. At this time, Attorney General Jose Antonio Gonzalez Hernandez is reading two bulletins. Following, we have the first bulletin:

[Gonzalez Hernandez, in progress] ...No. 7-4807-995-06. A team selected based on its experience and professionalism is assisting the deputy attorney general. It is comprised by Mario Croswell Arenas, general coordinator of Regional Units of the Office of the Attorney General of the Republic [PGR]; General Luis Roberto Gutierrez Flores, general director of the Judicial Police; Alfredo Herrera Torres, general director of preliminary investigations; Dr. Eduardo Gonzalez Mata, special investigative services director; and Ricardo Najera Herrera, regional delegate of Cuauhtemoc Precinct.

Since the beginning of the investigation, we have been holding talks with the widow of Mr. Polo Uscanga, one of his children, his chauffeur, and the janitor of the building where the events occurred. This building is located at Insurgentes Sur Avenue, No. 300.

Neighbors and people with offices and apartments next to Polo Uscanga's on the ninth floor have been formally summoned to testify. Among those on the eighth floor are Manuel Vasquez Torres, Adriana Ramirez Perez, (Victor Lewer), and Cristina Lira Sanchez, as well as the legal offices of the Independent Popular Movement. Those on the tenth floor include Jose Guillermo Sanchez, Catalina Gama Lira, and Luis Ceja Sanchez, and Edna Tamaris Blanco from the eleventh floor. All these summons and depositions as well as others that may follow are part of the commitment of the PGR to carry out this investigation in a responsible, objective, and serious manner; it will be conducted with professionalism and adherence to the law.

I will now read the second bulletin:

The PGR of the Federal District, on the occasion of the death of Abraham Polo Uscanga, magistrate on sabbatical prior to his retirement from the Superior Justice Tribunal of the Federal District, hereby informs the following:

1. The body of Abraham Polo Uscanga was found at approximately 0830 by his chauffeur, Armando

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Cuauhtemoc, at the office located on the ninth floor of Building No. 300 of Insurgentes Sur Avenue, Roma Neighborhood, in this capital.

2. This facility housed an office that Mr. Polo Uscanga occupied occasionally.

3. Mr. Armando Cuauhtemoc, chauffeur of the deceased, arrived at the office looking for Mr. Polo Uscanga, who, according to their relatives and chauffeur, had disappeared the day before. The last time he was seen was at approximately 1500. He did not return to his home, nor did he get in touch with his relatives or any other person during the afternoon and evening.

4. Mr. Armando Cuauhtemoc has declared that when he arrived at the office, he requested the assistance of two employees from an office located on a higher floor. They offered to seek aid from police who arrived later at the office where the body of Polo Uscanga was. In addition, Armando Cuauhtemoc notified 0-8 of these events.

5. David Garay Maldonado, secretary of public security of the Federal District Department, arrived at the scene later, and Jose Antonio Gonzalez Fernandez, attorney general of the Federal District, arrived minutes later accompanied by Jorge Madrazo Cuellar, president of the National Human Rights Commission, and Deputy Juridical Prosecutor (Eduardo Ibarrola).

6. Various officials from the PGR arrived at the scene later together with the body of investigators led by the investigative services director, Dr. Eduardo Gonzalez Mata. They immediately began the following investigative work: criminal investigation, chemistry, photography, finger prints, locks, ballistics, and medicine. This investigation consisted of taking pictures of the crime scene as well as compiling and collecting physical evidence to be studied so as to demonstrate the scientific truth of how the events unfolded.

7. At approximately 1000, the body of Abraham Polo Uscanga was transferred to the Federal District Forensic Service in order to have the autopsy performed. The results will be given during the course of the day.

8. The results of the special testing carried out up to now are as follows:

A. Chemical testing. The Harrison test was performed on Mr. Abraham Polo Uscanga and his driver, Mr. Armando Cuauhtemoc. This test determines whether a person has fired a gun. The results were negative on both individuals.

B. Ballistics testing. It was proven the bullet and shell were fired out of the (Taurus) brand .38-caliber revolver, all three of which were found at the scene.

C. The autopsy established that Mr. Abraham Polo Uscanga died as a result of a bullet wound shot at point-blank range, entering the back of the neck and exiting through the left temporal region. The trajectory was from rear to front, from right to left, and in an upward direction.

D. The special investigative evidence in the area of criminology, ballistics, photography, dactyloscopy, and locksmith testing will be presented during the coming hours or days.

E. Later investigations will provide additional evidence to help find the facts.

9. The PGR of the Federal District will continue carrying out its investigations in a professional manner and will continuously inform the public regarding murder investigation number 7-4807-995-06.

These two news releases are dated today. I thank you for being here. I have instructed Mr. Norberto Aquino to distribute copies of these two news releases among you. Thank you very much.

Sutaur Case Investigation Approved

95CA0270B Mexico City LA JORNADA in Spanish 16 Jun 95

[Article by Ricardo Olayo: "Judicature Accepts Jurisdiction in Polo Uscanga's Accusation"; received via Internet]

[FBIS Translated Text] The Judicature Council has accepted jurisdiction for investigating Abraham Polo Uscanga's accusation against Saturnino Agero Aguirre, president of the Federal District Superior Court (TSJDF).

With great secrecy, as the Judicature Council must first notify both parties of this agreement, sources from this collegial body reported this virtual agreement, and said that the next step will be to define the scope of the investigation.

One problem is the means to be used to obtain the accounts of Polo Uscanga and Saturnino Agero. In addition, it must be determined if the Judicature Council can apply administrative measures, as to date it has no organic law.

Four of the six council members are considering Polo Uscanga's accusation; the seventh is Agero Aguirre, president of the Council, who has recused himself from the case. The issue was discussed yesterday without having been expressly scheduled.

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The Judicature Council's secretary, Rosalia Buenrostro, said she has not received the resolution for legal preparation, so she does not know who will be notified.

Council member Ramiro Flores Arizpe indicated that the decision which the magistrates have analyzed individually and collectively could be made public next week.

In mid-April Polo Uscanga reported that on three occasions Agero Aguirre had attempted to pressure him to alter judicial decisions. The last time was 23 March, when he was called to Agero Aguirre's office and asked to suggest to his two colleagues in the eighth criminal chamber that they support issuing arrest warrants for leaders of Sutaur-100 [United Trade Union of Route-100 Workers].

He reported that he was later kidnapped and beaten and had received threats against his and his family's safety, so he asked the Attorney General's Office of the capital to investigate. He presented his account in a written document to the Judicature Council. This body was just recently created, and still has no organic governing law. The accusation reached the Judicature Council members on 30 May, and was made public several days later.

According to the judicial reform approved early this year, the Federal District's Judicature Council is to handle administrative matters formerly handled by the plenary court, but its regulatory powers have not yet been issued.

Sutaur Workers' Determination Voiced

95CA0270A Mexico City LA JORNADA in Spanish 16 Jun 95

[Article by Andrea Becerril: "Agreement to Continue the Sutaur Movement"; received via Internet]

[FBIS Translated Text] 69 days after their movement began, about 12,000 Sutaur [United Trade Union of Route-100 Workers] members reaffirmed their decision to continue the struggle to resolve their dispute and bring about the release of their leaders who have been arrested. This happened during an assembly in which they received the support of over 50 organizations which are members of the First of May Inter-Union Coordinating Committee.

"They are going to have to jail all of us workers, because we will remain in the streets, holding meetings and marches, and in the courts, for we will also continue to defend our rights through legal channels," Sutaur-100's secretary general, Venancio Felipe Gil Sanchez, told the crowd through a microphone.

"There are not enough jails in Mexico to keep in prison all the workers who are fighting for jobs, wages, and dignity," added the union leader, who has also been threatened with arrest.

His words were supported by the shouts of thousands of workers who squeezed into the Sutaur building on Sur 16, which yesterday was not big enough to hold the union members, many of whom had to stay outside during the more than 3-hour meeting; the meeting was also attended by foreign correspondents.

In this "mass" meeting—attended by all union members—as this type of session is called in the Sutaur-100 bylaws, a report was given on the meeting with Federal District officials which will be held on Monday in the Secretariat of Labor, and on the complaints that have been filed with international tribunals like Amnesty International, Human Rights Americas Watch, and the Inter-American Human Rights Committee, affiliated with the OAS, about the violations and illegal actions by the DDF [Federal District Department] against the Route-100 workers and their leaders.

In the assembly, Guillermo Barco Ortiz read a message sent from prison by [the Sutaur] legal counsel Ricardo Barco and the now 11 Sutaur leaders who have been imprisoned.

In the message, Barco says that the fact that six more leaders have been arrested has strengthened the Sutaur movement, and he asks the members to be patient, as "victory is near in this final stage of a struggle which we can not abandon." He urged them to close ranks and be very careful to avoid violence or clashes instigated by the DDF.

Another of yesterday's many speakers, Leonel Villafuerte, Sutaur's secretary of labor, discussed the complaints filed with international human rights organizations. They have been asked to intervene directly, as the fundamental rights of 12,000 workers and their leaders have been violated "by depriving them of jobs, freezing the union's assets, and unjustly imprisoning 12 members of the union leadership and its legal counsel."

Villafuerte read part of the complaint presented to Amnesty International, in which they cite the criminal trial's irregularities, the setting of bonds at 16 million new pesos for each of the persons arrested "in order to keep them in jail," as well as "the police and psychological pressures" used against the workers to force them to accept 80 percent of the pay which, according to Mexican labor law, is due them.

He said this information was released in the morning at a press conference with foreign correspondents.

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Also speaking at the assembly was the secretary general of the Workers Union of the UAM [Metropolitan Autonomous University], Edur Velasco, who expressed his full support for Sutaur. "Your legal counsel, Ricardo Barco, has appealed to us not to abandon you, and of course we are not going to do that! We will continue to support your struggle for it is the struggle of all of Mexico's people," he stated.

Another speaker was the leader of the democratic CROC [Revolutionary Confederation of Workers and Peasants], Salvador Ramos Bustamante, who said that the First of May Inter-Union Coordinating Committee has agreed to strengthen its support for the Route-100 workers and to seek other options to resolve the conflict.

Gil Sanchez was the last speaker. He quoted Gabino Camacho: "This is a struggle of men, not of names," and he said that through their resistance they will show the authorities that they are not going to back down from defending their jobs, the rights they have won, and their union.

Electoral Abuse Destructiveness Cited

95CA0260A Mexico City REFORMA in Spanish 14 Jun 95

[Commentary by Julio Faesler, director of the Council for Democracy: "For Big Ills, Big Cures"; received via Internet]

[FBIS Translated Text] The fact that stolen elections are so much a part of our national life that they are seen by us and from abroad as a natural part of the political scenario would seem to suggest there is no way to eliminate them except by blood and fire.

But this argument of a violent uprising contrasts with the experience left us by the Revolution of 1910. This revolution became diluted in a political party without a real ideology of its own, without goals other than to satisfy the ambitions for power and money of those who, by virtue of the party's "institutionalization," have found in it the way to gain their own personal advantage. So we Mexicans do not believe in bloody explosions intended to "change things."

Urgently Needed Transition

We know that an accelerated evolution will be more effective in improving our political, social, and economic conditions. We are seeing, though, that greater boldness is needed for a "silent revolution" than a revolution that explodes with guerrilla activity. Moving step by step toward the goal requires of us all a tenacious, consistent, and uninterrupted effort. Bringing about a transition demands that we not be stopped by obstacles, even if they appear insurmountable.

Incalculable strength has been acquired by the interests which, presidential term after presidential term, have thrived in the shadows of the system. A formidable network of financial, administrative, and political collusion, including more recently the drug traffic, extends throughout the country. It has taken over a very detailed special-interest apparatus that draws its funding from the people's everyday needs.

Tabasco and Yucatan

Examples of this are found in electoral events in Tabasco and Yucatan. In the first instance, the campaign spending which brought to power the "legal" governor, Roberto Madrazo, exceeded by 38 times the amount authorized by law: two-thirds of the costs of the 1994 presidential campaign. That money was used to finance bribery and coercion, the promotion of support, distortion of media reporting, and the distribution of a variety of favors to bring about the "victory" of the official candidate, then backed by politicians in the center.

How and why the extensive documentation confirming these enormous electoral machinations reached the hands of Andres Manuel Lopez Obrador, the PRD [Party of the Democratic Revolution] candidate for the Tabasco governorship, invites speculation. Might it be an orgy of revenge by Cabal Peniche, the state's economic and political factotum, whose astronomical contribution to the Madrazo campaign was not enough to insulate him from charges of monumental fraud and its penal consequences which today keep him a fugitive from justice?

This person has more than enough servants who would need only a hint from him to remove the 12 boxes of supporting evidence, and so to strike a devastating blow at the political system which, though he had supported it with his money, has betrayed him. With such allies can the PRI [Institutional Revolutionary Party] persuade us of the sincerity of its profession of democratic faith?

Yucatan also illustrates the dirty controls which local PRI people use to hold on to power.

Hundreds of observers have reported the total lack of respect for the people and for "civility" with which the official party's "well organized" campaign was run. A mask of "legality" for the victory of Cervera Pacheco was its conclusion.

Are these the friends with which the government or the PRI wants to continue to identify themselves?

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Urgently Needed Courage

Given the pressing need to support with deeds the sincerity of the "definitive" electoral reform which it has promised so often, the government now has two parallel approaches it can take, which are not mutually exclusive.

The first consists of enabling opposition political parties to bring down the corrupt local PRI structures through intensely well monitored elections observed by independent and impartial citizens' groups. Such elections will result in frequent victories for the opposition and democracy will be strengthened, as is happening in the states governed by the PAN [National Action Party] and we hope soon also by the PRD, as a result of its efforts. The gradual reduction of the hegemony of the until now official party would not have to continue until its obliteration. Blue or yellow party symbols do not necessarily have to end up removing the tricolor from the map of the Republic. The PRI can avoid this fate if it undertakes a major campaign to restore its lost prestige and to place itself on the course of honorable success. To do so, the government must arm itself with courage and punish, making an example through its severity, every action which discredits the president's pledge that electoral ethics will prevail in Mexico. Citizen pressure will be its unswerving ally. Do not forget that it was civic action with its rapid counts beginning in 1991 that restored credibility to the counting of the votes deposited in ballot boxes.

The next step will consist of using the "x-rays" which citizen observation has taken of each of the recent elections and which identify pre-election abuses. In the series of flaws to be eradicated, the first focus should be on spending ceilings and controls. But the methodical process will continue until fraud ceases to be systemic and only sporadic fraud still occurs.

For this we need the government to wake up, take a deep breath, and take the striking step of tying its own hands, by prosecuting and imprisoning people who perpetrate electoral fraud, those who design and arrange electoral fraud, and those who operate on the district and voting booth level.

Summary

Throughout the decade the PRI has grown very close to electoral criminals. The government has no reason to continue maintaining and supporting them.

Dr. Zedillo's allies will never be the people who in each election torpedo his goals of democracy and social development. The strength which the president draws upon to promote and make credible the political-electoral reform and with it, the reform of the state, is the strength of the people. To gain this support, he must remain in constant communication with the people.

The press conferences inaugurated on 7 June are, for example, a key factor in overcoming the present crucial moments and consolidating the progress that is being made.

Participatory democracy consists of open and reciprocal contact with public opinion. President Zedillo must draw support from this in order to counteract the reactionary interests which are attempting with their electoral machinations to halt the course of Mexico's political and social progress.

Rojas Announces Replacement of Pronasol

95CA0266A Mexico City REFORMA in Spanish 15 Jun 95

[Article by Flavio Lazos and Jorge Reyes: "Pronasol Disappears"; received via Internet]

[FBIS Translated Text] Queretaro—The secretary of social development, Carlos Rojas Gutierrez, yesterday announced the disappearance of the National Solidarity Program (Pronasol) and the implementation of a new, more comprehensive program called the National Alliance for Well-being.

Attending the meeting here of state congressional coordinators, Rojas Gutierrez explained that the alliance represents the application of a new policy of federalist social development under which state and municipal governments will take complete charge of these activities.

"What I want to tell you is that the decision by the president of the republic to build a new federalism begins here in Queretaro once again, as in 1917," he indicated in an interview after the gathering.

The official also talked about a restructuring of the functions of his own secretariat, which former President Carlos Salinas de Gortari created in 1991. These functions will have to be accompanied by reforms of local and even federal laws so as to prevent any discretionary use or siphoning off of public funds for partisan or political purposes.

"This task is going to take us a bit more than two years, and I think that it will be of enormous interest for all Mexicans to take part in defining the priorities and programs that will make for citizen involvement," he noted.

As set forth in the National Development Plan, he added that over the next two and a half years the

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administrative tasks involved in expenditures under Regional Development Solidarity will be decentralized; this process, he said, will unfold in a gradual, orderly, and systematic manner over a period of 24 months.

Castillo Peraza Warns of Cacique Threat

95CA0269A Mexico City REFORMA in Spanish 15 Jun 95

[Commentary by Carlos Castillo Peraza, president of the National Action Party and a leading party theoretician: "A Time of Hostages, A Time of Caciques"; received via Internet]

[FBIS Translated Text] The spectacle recently broadcast from some region of what used to be Yugoslavia was at once startling, repellent, wrenching, and disheartening: young UN soldiers of various nationalities, bound with chains or handcuffs to posts, have become human targets, shields with names and faces, at the mercy of the feudal, racist madness of their captors' chieftains. In a word they are hostages, of caciques, obviously. And the supposedly powerful of the earth remain paralyzed, inept, incapable of making a decision, furthermore they are motionless and mute. Consequently, they too are hostages of every spore released from Marshal Tito's grave. A pulverized tyranny has become an almighty provincial power against which no protection is possible. Something analogous is happening in Mexico under cover of the populist presidentialism that is, happily, on the road to extinction. The time has now come to sound the alarm: the upsurge in local caciquismo, which wraps itself in the flag of federalism and whose initial manifestations we are now seeing, is paving the way for every inhabitant of a state and municipality to be turned into a hostage of the feudal lords who are now seizing control of whatever fragments of the nation they can. A nationwide civic and political reaction is urgently needed in the face of the foreseeable spread of petty regional tyrants, encouraged by the accelerated breakup of what they have called "the system" and its old, cracked pillars. Unless such a reaction is forthcoming, we will all sooner or later be tied to whatever stake most pleases the cacique who happens to be enthroned; we will become hostages, from the tip to the base of the national sociopolitical pyramid, hostages of those who have decided to purge the country of what they no doubt regard as a plague: democracy.

Underlying this process, of course, is disdain for the common citizen, the one who is hungry and is shamefully forced to succumb because of hunger (hunger, of course, is nowhere mentioned in the Constitution or electoral laws), the one who wants to live under what has been labeled "democratic normalcy," the one who will have to show up at the demonstrations of support for the cacique (Vaclav Havel gave the most recent description of this on the eve of totalitarianism's collapse in Czechoslovakia).... And more and more people are realizing this with both unaffectiveness and rage. A few days ago a motorcycle policeman ordered me to stop, only to wind up telling me: "If you people ease up, the dinosaur will eat us all."

This disdain, in the Europe of hostages, at the mercy of the impudent lunacy of those in Sarajevo or Chechnya, has been expressed with repugnant precision: "History is not made with fleas." There as here, power is seen only as the ability to impose one's will at all costs. This must be opposed by the coordinated efforts of thousands of persons who in a peaceful, orderly way resist this culture of oppression and band together to avoid being taken hostage and to prevent caciquismo from continuing to undermine and handcuff the institutions of the republic. These citizens have been silenced and permitted to have only the foundation that the (their) kidnapers allow.

The false federalism from which we have come is in crisis. Now is not the time for presidentialist nostalgia, which would be tantamount to turning the clock back; nor, however, is it the time to allow a cacique confederation to emerge, as that would be turning the clock back as well. The federal country that we Mexicans aspire to must be based on an impeccably legitimate democracy (not the kind that, taking refuge in the legal technicalities of a cunning crook with clever lawyers, would force us to accept that the only crime Al Capone committed was tax evasion), which cannot be gauged only by what happens on election day but also by what happens throughout the process leading up to it.

If a time of caciques is allowed to begin, a time of hostages will also begin. We would all be better off if something else began: a time of democracy, a time of federalism, a time of liberty.

Drafting of Citizens Rights Charter Seen

95CA0271A Mexico City LA JORNADA in Spanish 16 Jun 95

[Commentary by Demetrio Sodi de la Tijera, former Institutional Revolutionary Party [PRI] member and member of the political reform-promoting San Angel Group: "Citizens Meeting"; received via Internet]

[FBIS Translated Text] The first National Meeting of Citizen Organizations will be held on Friday, 30 July [as published] and Saturday, 1 July at the Sor Juana Inez de la Cruz Cloister in Mexico City. Its purpose is to achieve greater coordination and efficacy in the work that has been done for many years now by thousands of civic organizations that are committed to social well-being and development, community work, the defense

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of human rights and the environment, and the struggle for democracy.

Civil society has been taking part in national public life for a long time through institutions devoted to social assistance. Nevertheless, it was after the 1988 electoral fraud that there arose in many places around the republic citizen organizations that were determined to fight for respect for the vote and democratic progress, as well as to break the monopoly of the government and PRI in the country's public affairs.

Over the past few years there have been various initiatives to achieve greater coordination among citizen organizations. In 1991, Dr. Salvador Nava proposed creating the Citizens Movement for Democracy (MCD), which brings together more than 20 state civic fronts. To monitor the federal elections on 21 August 1994, hundreds of organizations and thousands of citizens were coordinated nationwide for the first time through the Civic Alliance. There are several second-tier networks that comprise many independent organizations, as is the case of the private aid board, Convergence, and the Mutual Support Forum. Nonetheless, in spite of the efforts at coordination, the citizen movement remains dispersed and receives little aid and attention from the government and political parties.

A few months ago, in the face of the deep political and social crisis that we are facing, several of us members of various civic organizations who work in the Federal District (DF) Plebiscite, in 20 Commitments for Democracy, and in Civic Alliance felt that the time had come to call a national meeting of the more than 4,000 existing organizations. The purpose would be to exchange experiences and agree on communication and liaison mechanisms, as well as to draft a program of joint action through the "Citizens Rights Charter," which would set forth the main objectives of the struggle and of citizen involvement.

This gathering, which we expect more than 1,000 civic organizations from all over the country to attend, takes on special importance at present, when the government and the opposition are growing farther and farther apart in their positions on resuming the dialogue that will permit a concerted democratic transition. There is the risk that the lack of dialogue and accords will further deepen the political and social crisis that we are living through and shatter whatever fragile stability and unity we still enjoy.

The political reform that Mexico urgently needs requires a clear-cut commitment from President Zedillo and the opposition in order to make headway, with concrete actions, in solving pending electoral problems. However, the president's weakness, the hardening of the PRI line because of its defeats, and the rifts and feuds in the opposition make it quite unlikely that the dialogue will resume and that the conditions for a consensus reform can be put in place.

The national political breakdown has prompted various politicians and intellectuals to conclude that progress in the democratic transition depends on the emergence of one or several center-left or social democratic parties or political currents that can bring about a broad national mobilization in favor of democracy. Five independent initiatives, including the Zapatist Army of National Liberation's decision to become a new political force, are connected with this idea today. If it comes about, the only thing they would accomplish is to further divide the democratic forces, make the dialogue more difficult, and clear the way for the National Action Party and the right to take power.

In my view, the way to spur the democratic transition is not to form new parties but rather to build an alliance among all democratic forces that are concerned about political and social change. A broad citizen mobilization committed to reform, in which rural social organizations, unions, grassroots urban, neighborhood, and business groups, and associations of intellectuals, journalists, artists, academics, etc., take part, is the ingredient that is lacking to prevent the dialogue from being interrupted under any pretext or through any provocation, as well as to prevent the political reform from being the outcome of a deal between the top echelons of the government and the parties. We must make sure that democratic national reform puts an end to corporatist control and insures greater participation for the citizenry in public affairs.

The National Meeting of Citizen Organizations, which will be held in two weeks, has these as its objectives. It is a forum that is open to all ways of thinking. It is not and cannot be the germ of a new political party; its diversity and pluralism would preclude that. It seeks an encounter and communication among many organizations and many citizens that are committed to democratic change and social justice.

Electoral Abuse Destructiveness Cited

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Castillo Peraza Warns of Cacique Threat

95CA0269A Mexico City REFORMA in Spanish 15 Jun 95

[Commentary by Carlos Castillo Peraza, president of the National Action Party and a leading party theoretician: "A Time of Hostages, A Time of Caciques"; received via Internet]

[FBIS Translated Text] The spectacle recently broadcast from some region of what used to be Yugoslavia was at once startling, repellent, wrenching, and disheartening: young UN soldiers of various nationalities, bound with chains or handcuffs to posts, have become human targets, shields with names and faces, at the mercy of the feudal, racist madness of their captors' chieftains. In a word they are hostages, of caciques, obviously. And the supposedly powerful of the earth remain paralyzed, inept, incapable of making a decision, furthermore they are motionless and mute. Consequently, they too are hostages of every spore released from Marshal Tito's grave. A pulverized tyranny has become an almighty provincial power against which no protection is possible. Something analogous is happening in Mexico under cover of the populist presidentialism that is, happily, on the road to extinction. The time has now come to sound the alarm: the upsurge in local caciquismo, which wraps itself in the flag of federalism and whose initial manifestations we are now seeing, is paving the way for every inhabitant of a state and municipality to be turned into a

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hostage of the feudal lords who are now seizing control of whatever fragments of the nation they can. A nationwide civic and political reaction is urgently needed in the face of the foreseeable spread of petty regional tyrants, encouraged by the accelerated breakup of what they have called "the system" and its old, cracked pillars. Unless such a reaction is forthcoming, we will all sooner or later be tied to whatever stake most pleases the cacique who happens to be enthroned; we will become hostages, from the tip to the base of the national sociopolitical pyramid, hostages of those who have decided to purge the country of what they no doubt regard as a plague: democracy.

Underlying this process, of course, is disdain for the common citizen, the one who is hungry and is shamefully forced to succumb because of hunger (hunger, of course, is nowhere mentioned in the Constitution or electoral laws), the one who wants to live under what has been labeled "democratic normalcy," the one who will have to show up at the demonstrations of support for the cacique (Vaclav Havel gave the most recent description of this on the eve of totalitarianism's collapse in Czechoslovakia).... And more and more people are realizing this with both unaffectedness and rage. A few days ago a motorcycle policeman ordered me to stop, only to wind up telling me: "If you people ease up, the dinosaur will eat us all."

This disdain, in the Europe of hostages, at the mercy of the impudent lunacy of those in Sarajevo or Chechnya, has been expressed with repugnant precision: "History is not made with fleas." There as here, power is seen only as the ability to impose one's will at all costs. This must be opposed by the coordinated efforts of thousands of persons who in a peaceful, orderly way resist this culture of oppression and band together to avoid being taken hostage and to prevent caciquismo from continuing to undermine and handcuff the institutions of the republic. These citizens have been silenced and permitted to have only the foundation that the (their) kidnapers allow.

The false federalism from which we have come is in crisis. Now is not the time for presidentialist nostalgia, which would be tantamount to turning the clock back; nor, however, is it the time to allow a cacique confederation to emerge, as that would be turning the clock back as well. The federal country that we Mexicans aspire to must be based on an impeccably legitimate democracy (not the kind that, taking refuge in the legal technicalities of a cunning crook with clever lawyers, would force us to accept that the only crime Al Capone committed was tax evasion), which cannot be gauged only by what happens on election day but also by what happens throughout the process leading up to it.

If a time of caciques is allowed to begin, a time of hostages will also begin. We would all be better off if something else began: a time of democracy, a time of federalism, a time of liberty.

Drafting of Citizens Rights Charter Seen

95CA0271A Mexico City LA JORNADA in Spanish 16 Jun 95

[Commentary by Demetrio Sodi de la Tijera, former Institutional Revolutionary Party [PRI] member and member of the political reform-promoting San Angel Group: "Citizens Meeting"; received via Internet]

[FBIS Translated Text] The first National Meeting of Citizen Organizations will be held on Friday, 30 July [as published] and Saturday, 1 July at the Sor Juana Inez de la Cruz Cloister in Mexico City. Its purpose is to achieve greater coordination and efficacy in the work that has been done for many years now by thousands of civic organizations that are committed to social well-being and development, community work, the defense of human rights and the environment, and the struggle for democracy.

Civil society has been taking part in national public life for a long time through institutions devoted to social assistance. Nevertheless, it was after the 1988 electoral fraud that there arose in many places around the republic citizen organizations that were determined to fight for respect for the vote and democratic progress, as well as to break the monopoly of the government and PRI in the country's public affairs.

Over the past few years there have been various initiatives to achieve greater coordination among citizen organizations. In 1991, Dr. Salvador Nava proposed creating the Citizens Movement for Democracy (MCD), which brings together more than 20 state civic fronts. To monitor the federal elections on 21 August 1994, hundreds of organizations and thousands of citizens were coordinated nationwide for the first time through the Civic Alliance. There are several second-tier networks that comprise many independent organizations, as is the case of the private aid board, Convergence, and the Mutual Support Forum. Nonetheless, in spite of the efforts at coordination, the citizen movement remains dispersed and receives little aid and attention from the government and political parties.

A few months ago, in the face of the deep political and social crisis that we are facing, several of us members of various civic organizations who work in the Federal District (DF) Plebiscite, in 20 Commitments for Democracy, and in Civic Alliance felt that the time had come to call a national meeting of the more than

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4,000 existing organizations. The purpose would be to exchange experiences and agree on communication and liaison mechanisms, as well as to draft a program of joint action through the "Citizens Rights Charter," which would set forth the main objectives of the struggle and of citizen involvement.

This gathering, which we expect more than 1,000 civic organizations from all over the country to attend, takes on special importance at present, when the government and the opposition are growing farther and farther apart in their positions on resuming the dialogue that will permit a concerted democratic transition. There is the risk that the lack of dialogue and accords will further deepen the political and social crisis that we are living through and shatter whatever fragile stability and unity we still enjoy.

The political reform that Mexico urgently needs requires a clear-cut commitment from President Zedillo and the opposition in order to make headway, with concrete actions, in solving pending electoral problems. However, the president's weakness, the hardening of the PRI line because of its defeats, and the rifts and feuds in the opposition make it quite unlikely that the dialogue will resume and that the conditions for a consensus reform can be put in place.

The national political breakdown has prompted various politicians and intellectuals to conclude that progress in the democratic transition depends on the emergence of one or several center-left or social democratic parties or political currents that can bring about a broad national mobilization in favor of democracy. Five independent initiatives, including the Zapatist Army of National Liberation's decision to become a new political force, are connected with this idea today. If it comes about, the only thing they would accomplish is to further divide the democratic forces, make the dialogue more difficult, and clear the way for the National Action Party and the right to take power.

In my view, the way to spur the democratic transition is not to form new parties but rather to build an alliance among all democratic forces that are concerned about political and social change. A broad citizen mobilization committed to reform, in which rural social organizations, unions, grassroots urban, neighborhood, and business groups, and associations of intellectuals, journalists, artists, academics, etc., take part, is the ingredient that is lacking to prevent the dialogue from being interrupted under any pretext or through any provocation, as well as to prevent the political reform from being the outcome of a deal between the top echelons of the government and the parties. We must make sure that democratic national reform puts an end to corporatist control and insures greater participation for the citizenry in public affairs.

The National Meeting of Citizen Organizations, which will be held in two weeks, has these as its objectives. It is a forum that is open to all ways of thinking. It is not and cannot be the germ of a new political party; its diversity and pluralism would preclude that. It seeks an encounter and communication among many organizations and many citizens that are committed to democratic change and social justice.

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Belize

Immigration Chief Replaced on U.S. Visa Issuance Reports

FL1906204895 Bridgetown CANA in English 1658 GMT 19 Jun 95

[FBIS Transcribed Text] Belize City, Belize, June 19, CANA — The Belize government has fired Director of Immigration and Nationality, Ephriam Usher, and suspended Deputy Director, George August, amid allegations of the illegal issuance of U.S. visa cards to Chinese and Taiwanese nationals.

Press reports here say over 5,000 permanent residence cards and visitor permits were approved and processed by the Ministry of Immigration and Nationality over the past year to Chinese and Taiwanese nationals, most of whom are yet to arrive in Belize. The dramatic revelation was carried last week in the AMANDALA newspaper, Belize's weekly newspaper with the largest circulation. The scandal involves what one commentator called "the bucket sale of permanent residence and visitors permits to Asian nationals". The AMANDALA said in the course of one week in May, over 700 permanent residence cards were approved for Chinese nationals seemingly from the Republic of China, Taiwan. It quoted U.S. sources as saying U.S. Justice Department officials believe the cards are being sold to nationals from the People's Republic of China, who are being smuggled out of Red China into the United States by an international ring of "coyotes".

The Belize government said in a statement that businessman James Wang was arrested as a result of investigations by police. Wang was arrested at the offices of the Immigration Department in Belmopan on charges of attempting to bribe a public officer. A police report quoted in THE BELIZE TIMES newspaper said Wang offered BZE500.00 to an immigration officer to "disappear" certain incriminating files from the minister. Wang, who is out on bail, has since left the country but is expected back for his court appearance in mid-July.

In a broadcast on state-owned Radio Belize at the weekend, Attorney General, Dean Barrow, who has since been given the immigration and nationality portfolio, said Wang and two immigration officers were caught "red-handed" in the process of laminating permanent residence cards in the conference room of the Immigration Department. The cards were reportedly being prepared for nationals from the People's Republic of China. Barrow said investigations so far, have shown that certain actions could not have been done without the knowledge of the immigration director and/or his deputy.

In his defence, Usher claimed that all permanent residence applications that were approved and processed for Taiwanese nationals, were done so on the direct instructions of the then Minister of Immigration, veteran statesman, Phillip Goldson. "I will not allow myself to be the scapegoat in the matter," Usher said.

However, the attorney general said Usher's attempts to pass the blame on Goldson were baseless. He stressed that Goldson would never have approved applications for permanent residence knowing they contained false information because of his good character.

A report published in the opposition newspaper, THE BELIZE TIMES, said investigations had uncovered a bank book in the drawer of an immigration officer showing a balance of over BZE19,000 believed to have been paid by Wang.

Governor General, Sir Colville Young, acting on the advice of Prime Minister Manuel Esquivel, has appointed Merlene Bailey-Martinez, a career public officer, to act as director of immigration.

Guatemala

De Leon Carpio Cited on Legal Status of Bamaca Exhumation

PA2006195495 Guatemala City SIGLO VEINTIUNO in Spanish 19 Jun 95 p 4

[Report by Ana Fresse]

[FBIS Translated Text] President Ramiro De Leon Carpio has reiterated that the branches of state are completely independent, adding that he does not have the authority to order or suspend the exhumations which, reportedly, could unearth Efrain Bamaca's body at the military detachment in La Montanita, San Marcos.

De Leon said, *It has been said that the decision to suspend the exhumations resulted from military intervention in civilian affairs, but that is not true. As in every democratic country, the members of the executive branch cannot take part in this process. Although foreign organizations have requested my intervention in the exhumation process, I have flatly refused.*

The Guatemalan president attributed the interruption of the exhumations to legal action taken by the defendant's attorney.

De Leon explained that these mechanisms are part of the country's legal system and corresponding laws. *Therefore, I can neither order the attorney not to implement them, nor tell the prosecutor general how to do his work. In a word, I have not intervened in the process.*

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De Leon added that, when a legal motion was filed against the excavations, it was upheld, and, in turn, the exhumation process was suspended. This does not mean exhumations cannot be resumed once the legal action is ultimately resolved.

Meanwhile, Defense Minister Mario Enriquez said he does not agree with people who have claimed the Army is delaying the exhumation process, because the Army is willing to allow the investigations in accordance with the law.

Enriquez concluded, *I understand that regulations governing the initiation of an exhumation were not observed. If a competent judge has not issued an order, the process cannot begin; this is precisely the observation the detachment commander has made. This is why the excavations were suspended.*

Defense Minister: De Leon Asked Him To Remain in Post

PA2106030495 Guatemala City SIGLO VEINTIUNO in Spanish 19 Jun 95 p 4

[FBIS Translated Text] *President Ramiro De Leon Carpio has asked me to remain in the post of defense minister, although rumor has it they are going to send me into retirement next 30 June,* Defense Minister Mario Enriquez said yesterday.

He added he still has three years to complete his time in service, but anyone holding his post should retire from the military when the president of the Republic so decides.

In this case and although the president has not authorized me to disclose this to the press, he has asked me to remain in this post until he concludes his presidential term. I am not obligated to stay either, but it is an honor, he said.

Regarding the upcoming promotions to general that will be made on 30 June, the official said there are seven candidates to be promoted to the rank of general so far, and one or two of them will be elected, but he did not disclose the names of the nominees.

Questioned about whether Colonels Otto Perez Molina and Roberto Lopez Serrano would be promoted, he said this possibility is not *remote. It is likely, because they will have the five years required by law to become general. Like them, there are other officers who have seven or nine years,* Enriquez said.

The defense minister explained that different factors and conditions are considered for this promotion, although he did not specify.

Meanwhile, the minister said that despite the rumors on the transfer of his chief of staff, Colonel Luis Fernandez Ligorria, to a position abroad, the minister concluded *I would rather keep him with me.*

Appeal Filed Against President in Wake of Power Rate Hike

PA2006153695 Guatemala City Televisiete Television in Spanish 1900 GMT 19 Jun 95

[From the "Channel 7 News" newscast]

[FBIS Translated Text] Today, a new appeal was filed against President Ramiro De Leon Carpio and the president of the power company because of an announced increase in electric power rates.

[Begin recording of Marco Antonio Tzen, secretary general of the Defenders of the Constitution Committee, identified by caption] We want to make public the appeal we are now filing with the Constitutionality Court [CC], because the Committee of Defenders of the Constitution had filed an amparo petition in September 1994 against an increase in electric power rates. The CC had issued a provisional writ of amparo suspending the increases in electric power rates. However, we are greatly concerned that in flagrant violation of the CC provision, President Ramiro De Leon Carpio and Guatemalan Electric Power Company [EEGSA] President Oscar Armando Martinez Amaya have disobeyed the CC by publicly announcing that all power rate increases will now go into effect, including three rate increases included in the documents challenging the new rates.

This is why we are asking the CC and all friends of the Defenders of the Constitution Committee who are gathered here to initiate legal proceedings against President De Leon Carpio and the president of EEGSA for contempt of court, as established under Article 32 of the Amparo Law and Article 414 of the Penal Code. We are also asking that they be prosecuted for abuse of power, because they are disobeying a mandate issued by a collegiate organization, the CC, which defends the Constitution of the Republic. [end recording]

Field of Candidates, Hopefuls Surveyed

95CA0257A Guatemala City CRONICA in Spanish 31 Mar 95 pp 17, 19-20, 23

[Report by Maria Olga Paiz and Iduvina Hernandez: "Candidates for the Candidacy"]

[Text] There are all kinds: businessmen in suits and ranchers in hats, sly opportunists and naive loners from the plains. Some offer checks, while others beg for support. A few new faces can be glimpsed here and there

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among the recycled ones. The colorful cast of candidates for the nomination includes a former de facto governor, a former attache who served several presidents, a retired general, a former mayor, a deputy, two doctors, one returnee from exile, a housewife. Some behave in an affected manner, while others are easy-going. There are those who are intransigent, secretive, or bad-tempered. Others have rubbed shoulders in diplomatic circles or bumped into one another at foreign universities. To a man they promise to put an end to poverty and violence and resolve the problem of unemployment. In a last-minute rush of top-level bargaining, the parties are all looking for their candidate, while those eligible scurry for a slot on the ballot.

On the Bench

At this point in time, disciplined members of the Guatemalan Republican Front (FRG) insist that General Efrain Rios Montt is the only presidential candidate. However, the statements of the general's followers have apparently been guided, not so much by blind faith in a political miracle, as by a delaying strategy aimed at preventing the voters from losing hope in his candidacy and his Th)Tpromises of order and citizen safety. Politicians claim that Rios Montt will not be eligible to run and that the FRG will have to call upon some emergent "batter" if it wants to gain power. Whatever the case, any candidate would have to emerge from the FRG membership because the party has rejected all groups such as the MAS [Solidarity Action Movement] or UCN [National Union of the Center] that have sought an agreement with them. The list of candidates is indeed small. Political circles say that deputy and banker Arturo Soto and the General's loyal, veteran wife are patiently waiting on the bench for Rios Montt to choose his substitute. Francisco Reyes has stayed out of the fray because he inherited the leadership from the General, who instructed him to compete with PAN [National Vanguard Party] member Oscar Berger for the mayoralty. Actually, Soto enjoys the dual advantage that the private sector looks favorably upon him and the fact that he does not create antibodies in other political entities. In the FRG, however, decisions are made in walse time, meaning, in short, that there is no rush. According to the survey done by Mora and Araujo, Noguera and Associates, 30 percent of Rios Montt's backers claim that if the FRG leader does not run, they will vote for whomever he designates. Consequently, the General can deliver a goodly share of his votes. In other words, none of the Rios Montt precandidates is in a hurry to undertake an image campaign.

No Secret

However, if the course of the FRG is an unknown, that of the National Vanguard Party (PAN) is an open book. A few months ago, elements from private enterprise and a few of their colleagues tried unsuccessfully to dethrone Alvaro Arzu and seat Mayor Oscar Berger or industrialist Alejandro Botran in his place. After all, the general secretary of PAN will try once again to ascend to the presidential office. Furthermore, even if his candidacy is not Th)Tmade official until May, Arzu will begin his campaign tour before Holy Week with a trip to the interior. In other words, the top seat is already occupied, but the vice presidency is still vacant. Arzu has still not decided who will be his running mate. Nor is there any dearth of candidates in PAN. The name of Arabella Castro, former president of the Legislative Organization, for example, is on everyone's lips. Nevertheless, members of the Authentic Integral Development Party (DIA) state that Arzu asked that party's precandidate, Rolando Torres, to join the team. The purpose of an alliance with the DIA would be to achieve the broad front that PAN has not managed to put together. They claim that while the two groups reached no agreement, the door remains open. Another possibility is that, in order to achieve a reconciliation with the private sector, PAN will include on its ticket some businessman connected with CACIF [Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations].

Recycled Candidates

Like PAN and the FRG, the Christian Democrats (DC) have not put up any new faces. The initial ticket of five precandidates has been shortened by rejections and refusals. Even the prosecutor for human rights, Jorge Mario Garcia Laguardia, refused to allow the DC to mention his name among the possible candidates. "No one has ever spoken to me, nor have I ever sought out anyone because I am not interested in participating," the ombudsman said Consequently, the only name left is that of Fernando Andrade Diaz-Duran. This aspirant, who is an adviser to former President Kjell Eugenio Laugerud and the principal counsel to former de facto chief of state Oscar Humberto Mejia Victores, hosted countless banquets in an effort to promote himself and traveled to the point of exhaustion in search of a party that would provide a launch pad for his presidential aspirations. The National Union of the Center (UCN) learned of his flirtations and included him on its list of precandidates. In the end, Vinicio Cerezo opened the door to the DC for him. The Christian Democrats are now trying to make Andrade the unity candidate of an alliance between the DC, UCN, and Democratic Socialist Party (PSD). According to Cerezo, the accord

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between the three political groups has the wind at its back. The former president hopes that at the meeting they will hold the first weekend in April, the alliance between the parties will be sealed. "This option must first have some consistency and other groups will be added later," Cerezo observed. However, the alliance also depends on the resolution of internal conflicts by the UCN and PSD. Some centrists want nothing to do with plans of the Executive Committee to align itself with the DC and are promoting the candidacy of Marta Arrivillaga de Carpio or Ricardo Castillo Sinibaldi, currently president of the board of directors of the Workers Recreation Institute (IRTRA) and former President Jorge Serrano's minister of urban and rural development respectively. Castillo Sinibaldi states that for the time being, he has refrained from participating and adds that UCS General Secretary Juan Ayerdi never mentioned the possibility of an alliance with the DC when he asked that he be a precandidate for the UCN. In the meantime, opposing factions in the PSD led by Mario Solorzano and Gabriel Aguilera—the former argues for supporting PAN, while the latter prefers to maintain a leftist profile—will have to wage the final battle for control of the party.

In Style

Rolando Torres, national director of the Christian Children's Fund since 1983 and a DIA precandidate, is one of the presidential candidates who has contracted "frontist" fever. This physician hopes to put together an Electoral Front of National Reconciliation (FERN) with the people's organizations. To date, in addition toTh)Tthe Council of Runujel Junam Ethnic Communities (CERJ) and the Mutual Support Group (GAM), FERN has been joined by the Confederation of Trade Union Unity of Guatemala (CUSG) and even a group of former Serranists, headed by Fernando Muniz, deputy to the Central American Parliament. The possibility that the people's organizations will opt for participating in this new party is reportedly why, DIA leaders say, Cerezo summoned Torres and Andrade to a meeting in Miami the last weekend of March. Cerezo denies calling the meeting. However, DIA members claim that Torres declined the invitation. "They are seeking an agreement with us because they do not want to split the support of the people's and trade union sector," DIA member Mario David Pena says. This and other political groups distrust the intentions of the Christian Democrats and wonder whether Alfonso Cabrera, Christian Democratic general secretary, will have a second ballot agreement with Rios Montt. FERN has another precandidate in Alfonso Bauer Paiz, legal adviser to the permanent refugee commissions in Mexico. Bauer Paiz' record shows that he participated in the revolutionary movement of 1944, serving as minister of labor in one of its governments. This figure, who returned from exile in Mexico in 1993, has been proposed by the Revolutionary Party (PR) and a faction of the PSD. In addition, he has received invitations from the Social Christian Party (PSC) and Oscar Clemente Marroquin's group to participate in the elections.

Seeking a Spot

There are other candidates anxious to throw their hats into the ring. They include the former minister of defense, (retired) General Hector Gramajo, Captain Rodolfo Munoz Pilona, and the nation's current prosecutor general, Acisclo Valladares. Gramajo, who was proclaimed as its presidential candidate by the National Unity Front (FUN) headed by Gabriel Giron Ortiz, seeks toTh)Trally at least eight parties making up the National Movement for Stability. "I engage in politics in the most difficult manner because I have no party or ticket, yet I have been able to rally four parties already," Gramajo says. In addition to FUN, Gramajo says he has the support of the Democratic Institutional Party (PID), the Guatemalan Republican Party (PREG), and the Authentic Nationalist Center Party (CAN), all of which are basically conservative. Given the fact that the retired general wants a broad spectrum of support, several of those close to him have sought out leftist groups. The latter reportedly include the Citizens for Democracy group, made up of returned exiles with whom Gramajo has reportedly met on two or three occasions since 1993. However, members of that group—which also includes former members of Mario Payeras' group and a faction of the Guatemalan Labor Party (PGT)—deny they will join the Gramajo platform. Another door at which the military chief is reportedly knocking is that of the PSD, whose leaders have not yet decided whom to support. Despite his organizational advances, Gramajo cannot make his candidacy official before 20 May. According to the constitution, no military leader may participate in elections for five years after retiring from the Army. The former minister of defense does not complete the period set by law until 19 May. However, in addition, he will have to fight it out with other ghosts. For example, proceedings have been instituted by groups in the United States over human rights violations, in particular, one having to do with the mistreatment and torture of Ursuline nun Diana Ortiz. Another retired military man who wants to get into the arena under the banner of stability is Captain Rodolfo Munoz Pilona, who participated in the coup against Romeo Lucas, along with Rios Montt. For that purpose, he has endeavored to form his own organization, called the National Stability Front (National FE). Munoz Pilona suggests the possibility of an alliance with the Guatemalan Reform Party (PREG),

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an organization headed by MiguelTh)TAngel Montepeque, an activist in the ranks of the Solidarity Action Movement (MAS). Acisclo Valladares' problems are of a different sort. The nation's current prosecutor general has managed to have his own party: the Progressive Liberal Party (PLP). Curiously enough, it is a party said to be financed by American Evangelical churches. If this is true, the fundamentalist groups are promoting Valladares, who is the son of a former ambassador to the Vatican and a member of a strict Catholic family. Valladares' alliance with the PLP was reportedly obtained after the latter's failure to be nominated as the candidate of the National Liberation Movement (MLN) and the UCN. In his efforts to achieve a consensus to run for the presidency, Valladares has also sought the backing of the armed institution. Even before being named prosecutor general, he held meetings with members of the high command and informed them of his disinclination to alter the Army's structure. However, like Gramajo, the prosecutor is also haunted by ghosts: on the one hand, the swindle of which he is accused involving the failure of the ITURISA project; and on the other, the as-yet unresolved proceedings stemming from the dispute over the millionaire inheritance of Antonia (deceased) and Maria Matos. In addition, there is his involvement in the return of Gustavo Espina, to say nothing of indications that he used his post as prosecutor general to promote his own interests. One example would be the stamp with his effigy and the calendar for 1994 and 1995 being handed out since the middle of the month. The caption under the prosecutor's photo: "Spring returns. There will be peace when there is justice! Acisclo Valladares."

Solitary Lowlanders

Among the presidential proposals are party leaders who claim to seek no alliance. They include Jose Luis Chea, from the Democratic Union (UD); Mario Castejon, from the National Recovery Front (Sol); Jose (Pepe) Fernandez Gonzalez, from the Progressive Party (PP); and Luis Alfredo Castillo, from the National Liberation Movement (MLN). UD leader Jose Luis Chea claims not to have contemplated any alliance. Chea believes his party is a third alternative to Rios Monttism or PAN and is convinced that the rival he must defeat is the DC, with which it would vie for voters in the country's western region. Chea, who considers himself a career politician, was deputy foreign minister during the early months of Vinicio Cerezo's government and ambassador to the United Nations in Geneva. UD members view the embryonic election event as a way of testing and consolidating their party structure. This is the reason they do not expect to form any alliance at all on the first ballot. Nevertheless, they do not rule out the possibility of an agreement with other forces in order to define the final results on the second ballot. Mario Castejon's plan has the support of the so-called Shirtless Party, which shares the platform of the solitary candidate. A pediatrician, Castejon has made himself known for denouncing corruption in the governments of Vinicio Cerezo and Jorge Serrano. Jose (Pepe) Fernandez Gonzalez, nominated by the Progressive Party (PP), has the support of the People's Alliance (AP-5), the only force with which he has agreed to unite. It would be the second time the landowner has participated. In 1990, he competed for the Democratic Party of National Conciliation. After settling internal intrigues, Luis Alfredo Castillo managed to have the MLN name him as its presidential candidate. Scarcely two months ago, that party faced internal differences because one of its deputies insisted on nominating Valladares as the MLN candidate. Castillo, a rancher who has banking interests, is also being named as a co-defendant in the Cellulose of Guatemala (CELGUSA) embezzlement. As the representative of the National Financial Corporation, the would-be candidate for the presidency reportedly signed for one of the increases in the fraudulent loan.

Few Chosen

Finally, there are those who have not yet found a venue for their presidential aspirations. Nevertheless, while they do not have the support of a political party, businessmen Alejandro Botran and Miguel Fernandez have the blessing of one sector of private enterprise. The so-called Pyramid Group, which includes large sectors of private businesses, supports the participation of Botran and Fernandez in the hope they will join some election formula. For the time being, Botran's attempts to slip in among the UCN or PAN candidates have been for naught. As for Fernandez, it is not known whether he has been mentioned in connection with the parties' preliminary tickets. Both have funds, but neither has any symbol. In short, many are called, but few are chosen. Nevertheless, from this menu of 20 options and a few last-minute invitees will emerge the presidential candidate. The final selection will depend on the interests of the political organizations rather than the platforms. Every group's room to maneuver and its financial possibilities will determine who will remain in the strainer after the first shake of the election sieve.

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Honduras

Reina Appoints Fernando Garcia as New Economy Minister

PA2006231895 Panama City ACAN in Spanish 2223 GMT 20 Jun 95

[FBIS Translated Text] Tegucigalpa, 20 Jun (ACAN-EFE) — An official source has announced that Honduran President Carlos Roberto Reina today appointed Fernando Garcia as the new economy minister.

Finance Minister Juan Ferrera said that during a meeting at the Presidential House, Reina "announced to us" Garcia's appointment. Garcia is a former official of the Central American Bank of Economic Integration (BCIE) and former domestic trade director in the Economy Ministry.

Garcia replaces Delmer Urbizo Panting, who was appointed foreign minister after Ernesto Paz Aguilar resigned in the wake of a scandal involving one of his sisters in the illegal trafficking of official passports.

Ferrera said Gustavo Aguilar, deputy minister for foreign trade who was acting economy minister while Urbizo Panting's replacement was appointed, will continue as deputy minister.

Nicaragua

Finance Minister on Agreement With National Assembly

PA2006151695 Managua BARRICADA in Spanish 19 Jun 95 p 2

[Report by Xavier Rayo Valle]

[FBIS Translated Text] Finance Miniser Emilio Pereira confirmed yesterday shortly before departing for Paris that the "agreement" reached between the government and National Assembly leaders will make it possible for the executive branch to implement its neoliberal economic and social policy without the deputies' participation.

According to Pereira, the government has obtained a "key" by which the parliament will not present any bills that could "destabilize" the government's socioeconomic program. He said that this shows an "interdependence" of powers, because now "they need each other."

Pereira stressed that it is now up to the legislative branch to comply with the commitments. He also predicted "changes in the balance of forces," among deputies and said that those who approve of the privatization of Telcor [Nicaraguan Telecommunications and Postal Services Institute] and elect the members of the electoral branch will be "great leaders."

Pereira said the agreement has no precedent in the continent, noting that countries like Germany and Sweden described it as a "miracle" and said they were "pleased and satisfied" because the presidential term will end in a climate of stability.

Pereira said the political agreement "must be implemented as soon as possible." In his opinion, it prevents any economic law or new taxes resulting from "abuses, excesses, or populist actions during pre-election periods."

Pereira confirmed that an agreement was reached on Telcor's privatization. He disclosed a plan he drafted Friday night in which he will propose that the international community cooperate with one dollar for each currency Nicaragua must provide to sell its only profitable state enterprise.

Pereira said that the Paris Club members will contribute with soft loans and donations and that some $200 million could be obtained before December to definitively solve the property problem.

He admitted that leaders of the FNT [National Workers Front] and other sectors that occupied the National Assembly are interested in resolving the property problem as a means to protect their enterprises. He stressed, however, that the government will "not permit" that method of complying with the national accords.

No Support for Production

Pereira confirmed that the funds to be obtained from the international community at the meeting of the Consultative Group will not be used to support production. He said that the government will use those funds to cover the foreign trade balance.

Pereira added that there is "confusion" among those demanding that the funds to be obtained from the Paris Club be used to finance productive activities in order to reactivate the economy, while there is a $500 million gap between exports and imports.

He specified that the government will not finance production that would increase exports "until the macroeconomic figures are balanced." He added that the funds will be used to close the gap until the country can manage to do so, but admitted that production is not even enough to import the necessary raw material.

The only way those funds — which represent foreign aid for 1996 and 1997 — will be invested in production to encourage private investment will be when the gap is closed. Otherwise, "they will not be directly assigned to projects," he added.

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Pereira said that the initial amount of financial aid will be $440 million. He added that Nicaragua hopes to receive additional aid for $105 million, which will be directly used to reduce the commercial foreign debt, estimated at $1.7 billion.

Pereira confirmed that the government will present in Paris its "National Strategy for Development" for a period of five years during which another government will be in power, with the consensus of only a few sectors that have supported the government.

Pereira said that in order to draft the "National Strategy for Development," only a few members of the Chamber of Commerce, of the Chamber of Industries, and the UNAG [National Union of Farmers and Cattlemen] were consulted. He added that those discussions will continue when he returns from Paris.

Army Chief Comments on Legislative, Executive Dispute

PA1706005395 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 16 Jun 95

[Report by Vanessa Palacios from the "National Newscast"]

[FBIS Translated Text] Army Commander in Chief General Joaquin Cuadra has expressed his optimism that the Executive and Legislative Branches will reach an agreement to benefit the nation.

[Begin Gen. Cuadra recording] I am hopeful and trust in the political willingness of the players. I trust the political willingness of the president of the Republic and the president of the National Assembly. I trust in the effectiveness of the cardinal's mediation efforts. I trust that these important personalities in the country's political life will respond appropriately to the Nicaraguan people, who want tranquillity and peace. Nicaraguans want the opportunity to work, to advance, and to overcome backwardness and poverty. [end recording]

Army Commander in Chief General Joaquin Cuadra made the aforementioned statements during the presentation of new Army Spokesman Colonel Jose Garcia Estrada, who replaced Lieutenant Colonel Ricardo Wheelock Roman today.

Lt. Col. Wheelock Roman was presented with a plaque recognizing his work as Army spokesman since April 1991.

Panama

New ARI Administrator Vows To Encourage Investments

PA2006164095 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Jun 95

[From the "RPC Television News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Nicolas Ardito Barletta, the third Interoceanic Region Authority [ARI] administrator, and Deputy Administrator Augusto Zambrano today assumed office at ARI's Ft. Amador installations. The event was attended by President Ernesto Perez Balladares, ministers, diplomats, and others.

Carlos Mendoza, president of the ARI Board of Directors, said ARI is now entering a new era of service and cooperation with the Perez Balladares administration.

[Mendoza] "With Ardito Barletta and Zambrano, ARI will be in good hands."

Ardito Barletta said he is ready to go to work in those areas in which priorities have already been established, such as Ft. Davis, which will revert on 1 October.

[Ardito Barletta] "At Ft. Davis, we can create an industrial park, which will provide jobs for Panamanians and exports for the good of the economy."

Other priorities deal with the maintenance of reverted areas and those that will revert, as well as advancement of plans demanded by the ARI Law and those dealing with ports. All of these things complement the primary objectives.

[Ardito Barletta] "We plan to promote very actively, both nationally and throughout the world, this area's economic potential to attract domestic and foreign investors."

Perez Balladares closed the speeches by saying his government did not blame others for the delay in developing the reverted areas. The first step was to amend the ARI Law, he said.

[Perez Balladares] "Instead of begging for the military bases to remain, a City of Knowledge is being created to replace soldiers with professors and students."

He said the officials sworn in today are a guarantee that the reverted areas will be used as best as possible for the good of the community.

[Perez Balladares] "These areas will be managed honestly and efficiently and will become springboards for national development."

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Argentina

Cavallo, Di Tella Comment Upon Return From Mercosur Summit

PY2106020695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2230 GMT 20 Jun 95

[FBIS Translated Text] Buenos Aires, 20 Jun (NA) — Economy Minister Domingo Cavallo and Foreign Minister Guido Di Tella agreed this afternoon that the trip to Sao Paulo in the company of President Carlos Menem, who participated in the Mercosur [Common Market of the South] summit, was "extremely productive."

The two ministers offered a news conference at the military section of the metropolitan airport shortly after arriving from Brazil with President Menem, who did not talk with reporters and boarded a helicopter that was waiting in the area for the trip to the Olivos residence.

Minister Cavallo praised the agreements with Brazil on the issue of motor vehicle quotas, saying that negotiations "were directed at establishing a common motor vehicle regime in the future and avoiding obstacles to the car industry within Mercosur."

"It is also very important to note that thanks to the process of energy deregulation in Brazil, we could agree with Paraguay to negotiate concessions at Yacyreta and the bidding for the concession and construction of Corpus," Cavallo added.

Cavallo said that both hydroelectrical projects "will produce enough for Paraguay to export a good amount of electrical energy, as well as allow for exports from Argentina to Brazil."

The minister confirmed that during the negotiations with Brazilian officials, "it was made clear that Brazil will not impose restrictions on the entry of Argentine cars during the negotiations."

Di Tella, in turn, denied that the negotiations were "tough, semi-tough, soft, or semi-soft," agreeing with Cavallo that such a climate "was not obvious in the meetings in which they participated."

Editorial Examines Continued Instability Within Mercosur

PY2006191895 Buenos Aires LA NACION in Spanish 16 Jun 95 p 7

[Editorial: "Mercosur's Lack of Stability"]

[FBIS Translated Text] Just a few months after the signing of the Ouro Preto agreements and with them the startup of Mercosur [Common Market of the South], successive decisions have contradicted what was agreed upon and also endangered the stability of the regional bloc, which was accepted with such favorable expectations in the four countries, in Latin America, and even in the rest of the world.

The first decision came from Argentina, which wanted to implement a 3 percent statistic tariff on all imports, but adverse reaction from the other partners caused the government to tax only imports from third countries. The measure affected the uniformity of the common external tariff, and tends to divert trade, but it does not disturb — on the contrary it improves — the competitive capability of the three countries in the Argentine market.

Without carrying out consultations, Brazil increased the list of exceptions to the common external tariff. It modified the tariff on 150 articles by reducing the tariff preference for Mercosur, and increased the tariff to 70 percent for vehicles, household goods, and other assets that are imported from outside the zone. Now it has decided to restrict, through quotas, the import of vehicles and their spare parts, and made known its intention to adopt special rules for the region, thus flatly violating the agreements. The resolutions and clarifications that followed this move were ambiguous.

The measure that was initially adopted by our country does not agree with the principles of a customs union, but in any case it is a venial sin. On the other hand, the large variations in Brazil's external tariffs have affected the advantages of its partners in very large flows of trade, and at the same time weaken the regional union.

If a quota system for the region's vehicle market is confirmed, then it would be a capital sin. The distortion of trade that would be generated by the restriction would go much further than the sale of some dozens of thousands of vehicles in an uneven exchange. The long-term objective is to try to change decisions on investment made by companies that plan to locate in Argentina to serve the Mercosur market, and get those companies to invest instead in Brazil.

It is necessary to ask oneself: What about legal security? What reliable rules of the game does Mercosur offer local or foreign businessmen in their important trade and investment decisions? There will be an additional risk when investing in Mercosur: In other words, it will be pure guesswork if Brasilia does not quickly and firmly clarify what will really remain of Mercosur.

Nor will the consequences be positive within the international context. When the Brazilian measure was made known, the EU announced its decision to hold negotiations to liberalize trade with Mercosur. A high-level meeting is going to take place within the next few days in Denver, the United States, with an eye to achieving a free trade zone throughout all of America. The message

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received by other South American nations, especially Chile, will be more than confusing.

The problems of Brazil, which is in the full process of stabilization, are known, but the problems of our country and those of our smaller partners, whose interests cannot be ignored, are also known. It is understandable for measures to be sought to contemplate current problems, but unilateral decisions are not justified. Some of the local reaction, which indicates that this problem must be taken as an act of war, is also not logical. Disagreements must be resolved through negotiations that will reestablish the principles of Mercosur, and will revalidate the agreements that have already been implemented. The president and the economy minister must participate in the next Mercosur summit, because it is an opportunity to negotiate and overcome difficulties. There are diverse mechanisms, some of which are not yet properly structured, for resolving controversies, and the time has come to try out their efficiency.

Future Chief of Cabinet Position Explained

PY2006121695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1642 GMT 10 Jun 95

[FBIS Translated Text] Buenos Aires, 10 Jun (NA) — Official sources revealed today that the future head of cabinet will have under direct jurisdiction a total of six secretariats in order "to maintain relations with Congress, coordinate the action of the other ministries, control tax collection, and administer the state."

Deputy Nicolas Becerra (PJ) [Justicialist Party], from Mendoza Province — as is current Presidential Secretary General Eduardo Bauza — will be in charge of the Congressional Coordination Secretariat. One of the future head of cabinet's main missions, according to the reformed Constitution, will be to appear before Congress once a month.

Two under secretaries will be subordinated to Becerra. Individuals of "proven experience in congressional negotiations" will be appointed to head these departments, the sources told NOTICIAS ARGENTINAS.

Becerra, a lawyer and two-time Mendoza Province minister and provincial senator, has kept close links with labor for the past 20 years. This should give him ample flexibility for his future activities.

National Deputy Carlos Abbihagle will head the strategic Fiscal Evaluation Secretariat, which in practice means he will be in charge of supervising tax collection nationwide.

This congressman, who is also from Mendoza Province, is the only legislator with a doctoral decree in economics. He obtained his decree at the University of Pennsylvania, in the United States. He was also a provincial minister, just like Becerra.

Abbihagle's case is significant because, besides his technical abilities, he has political experience. He ran in the party primary for his native province's governorship.

The future head of cabinet will also have the mission of coordinating policies with other ministries. Current Treasury Attorney Alberto Garcia Lema, who turned in an outstanding performance when the Constituent Assembly debated the constitutional reform in Santa Fe last year, was named for the post.

Garcia Lema, a well-known jurist, will be in charge of maintaining "a constant dialogue with the rest of the ministries to prepare each of the national cabinet meetings," the source said.

One of the essential aspects of Bauza's "super portfolio" will be the state administration, which in practice will mean the control of spending. Current PAMI [Comprehensive Medical Assistance Plan] trustee Alberto Abad was elected for this position.

Abad, a former trustee for the Public Companies General Trusteeship and the National General Trusteeship, agreed to become PAMI trustee "grudgingly" and only at his friend Bauza's insistence.

The pensioners assistance organization has a monthly deficit of 80 million pesos, which places it in a constant crisis. Abad took the seat previously occupied by Carlos Alderete — who in turn replaced Matilde Menendez — with the mission of "putting the finances in order."

Abad will have a similar mission as of July, when he will be in charge of controlling and evaluating the national public spending.

Physician Hugo Maldonado will take over at PAMI. He was nominated by Health and Social Action Minister Alberto Mazza in agreement with Economy Minister Domingo Cavallo.

Carlos Kesman, current Economy Ministry planning under secretary, will carry out almost identical functions in the new structure headed by Bauza.

Kesman is native of Cordoba Province. He belongs to the Mediterranean Foundation and is one of Cavallo's trusted men. He will be in charge of the delicate task of planning the national budget, which will be one of the head of cabinet's main functions according to the Constitution: "Implement the budget and administer the state."

Finally, architect Ramos [not further identified], a man of low profile and very close to Bauza — he has

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actually been with Bauza since the presidential secretary general joined the executive branch — will be the administrative secretary and will be responsible for handling appropriations for the chief of cabinet and the presidency.

It is presumed that each secretariat will have two under secretariats and two directorates subordinated to them.

"It is a reduced structure, compared to the current structure of other portfolios such as the Health and Social Action Ministry or the Defense Ministry, or what they were in the past," the source said.

The source was thus trying to downplay some opposition objections about the alleged excessive number of secretaries and under secretaries under the cabinet chief.

Slovenia's Drnovsek Signs Agreement, Speaks on Economy

PY1406153095 Buenos Aires TELAM in Spanish 1831 GMT 13 Jun 95

[FBIS Translated Text] Buenos Aires, 13 Jun (TELAM) — At noon today, President Carlos Menem and Slovenian Prime Minister Janez Drnovsek signed an ambitious bilateral economic and trade cooperation agreement.

Menem and Drnovsek signed the agreement in the so-called "Administration" ["Jefatura"] of the Olivos presidential residence. They lunched together after signing the agreement.

The visiting prime minister, who arrived in Buenos Aires on 12 June, will remain until tomorrow afternoon in this capital to carry out an agenda that includes meetings with businessmen, Argentine congressmen, and members of the Supreme Court.

Vice Foreign Minister Fernando Petrella; Andres Pesci Bourel, ambassador to Austria and concurrent ambassador to Slovenia; and Domingo Liotta, Science and Technology secretary, among other government officials, also participated in the Olivos meeting.

Matjaz Puc, charge d'affaires of the Slovenian Embassy; Anton Rop, Slovenian government and economy secretary; and Mojca Osolnik, Slovenian chief of cabinet, among other authorities, were also in attendance.

During a news conference that he gave this morning at the Alvear Palace Hotel, Drnovsek said that "this agreement will set the formal institutional bases for the development of bilateral relations."

The Slovenian prime minister expressed his "interest in the experience of Mercosur" [Common Market of the South] and the possibility that his country will "seek a rapprochement" with that regional block.

Drnovsek, who speaks perfect Spanish, termed as "interesting Argentina's experience in privatizations, especially in the public services sector."

He highlighted the fact that Slovenia's economic transformation "is similar to Argentina's, and therefore, there are many possibilities for increasing trade between the two countries."

He explained that "economic development in Slovenia during the past two years indicates that the GDP grew by more than 5 percent," and he pointed out that there is a "fiscal surplus and stability" in his country.

Drnovsek told TELAM that the negotiations for an agreement of association that Slovenia will sign with the EU during the next few days concluded on 12 June.

He indicated that this agreement will allow quick progress toward realization of the possibility of Slovenia becoming a member of the EU within the next few years.

He believes that the agreement with the EU is "very important for Slovenia, because 70 percent of our exports and imports are being carried out within the EU."

He stated that he had been "invited by President Menem" to make this visit to the country, and he indicated that he will meet with members of the Slovenian community in Argentina, which has some 30,000 members.

During the afternoon, Drnovsek was scheduled to meet with Senate Provisional President Eduardo Menem and Economy Minister Domingo Cavallo, and to give an address at the Argentine International Relations Council (Cari) at 1830.

The Slovenian prime minister will meet with Argentine businessmen at 0830 on 14 June during a working breakfast to be held at the Alvear Palace Hotel.

At 1200 he will meet with members of the Supreme Court, and at 1750 he will depart for Frankfurt, Germany aboard a Lufthansa flight, according to the official agenda.

Buenos Aires Province Opens Office in Moscow to Boost Trade

PY2006220995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1502 GMT 20 Jun 95

[FBIS Translated Text] La Plata, 20 Jun (NA) — While announcing that trade between Buenos Aires Province and Russia will increase five-fold in the coming years, Governor Eduardo Duhalde has stressed that Russia

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constitutes "a stupendous market and we ought not to miss the chance" of trading with it.

Duhalde has pointed out that "we will basically supply Russia with foodstuffs and we will import different types of machinery, especially farm machinery."

The Buenos Aires Province governorship issued a press release reporting that Duhalde made these remarks when inaugurating the Buenos Aires Province House in a residential neighborhood of the city of Moscow.

The governor said that "it is practically impossible to make business deals with Russia only through fairs or exhibitions. Those deals should be finalized through permanently established organizations that enable us to have appropriate knowledge of markets and mutual needs." With this end in mind, the governor decided to establish an office in Moscow.

Duhalde underscored "the crucial importance of a country that ranks among the leading nations in the world, with a population of 150 million," adding that "it is essential to establish an organization that knows Russia's idiosyncrasies."

The governor further stated that it will thus "be possible to conclude several deals at this moment — which could not be more propitious — and handle and solve all the difficulties associated with them."

Duhalde said that over the last few years, "trade" between Buenos Aires Province and Russia has doubled in terms of value. He deemed that in the coming years "bilateral trade will register a five-fold increase."

Prior to the opening of the Buenos Aires Province House in Moscow, Duhalde had a working breakfast with Argentine businessmen residing in Russia and linked to the oil, gas, footwear, leather garment, computer, and automotive industries.

Bolivia

Explanation of 'Offensive' Argentine Remarks Accepted

PY2006162695 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 19 Jun 95

[FBIS Translated Excerpt] The Bolivian Government has expressed its satisfaction over the explanations given by Argentine Foreign Minister Guido Di Tella, who attributed the offensive remarks against Paraguayan and Bolivian immigrants to a poor Argentine journalistic interpretation.

Acting Bolivian Foreign Minister Eduardo Trigo reported that the Argentine Embassy had submitted a formal explanation to avoid diplomatic consequences over Di Tella's apparent misconduct.

During a Argentine-British friendship meeting on 8 June, Argentine Foreign Minister Di Tella unjustifiably used the term horrible to refer to illegal Bolivian and Paraguayan immigrants.

We are ugly, but not horrible.

Speaking to British representatives, he added that Argentina would like to be surrounded by and linked to beautiful and rich people. He used these terms to refer to those who at the beginning of the preceding decade had seized their Malvinas islands. [passage omitted]

Brazil

Finance Minister Malan's 13 Jun Speech

PY1606153595 Sao Paulo GAZETA MERCANTIL in Portuguese 14 Jun 95 p B2

[Speech by Finance Minister Pedro Malan during ceremony to install new Central Bank President Gustavo Loyola on 13 June in Brasilia]

[FBIS Translated Text] The real is about to complete its first year. Compared with past stabilization experiences, all of them — the Cruzado, [former Finance Minister Luiz] Bresser, Summer, [former President Fernando] Collor I and II Plans — by their 12th month had become sad recollections of what they could have achieved in terms of stabilization. Even under the longest of those plans, the Cruzado plan, inflation — in the plan's 10th month — was practically the same as it was the month prior to the start of the plan. In the case of the real, during the first five months of 1995, the accumulated inflation rate measured by the average of the three indexes that are most widely used (the IGPM [General Market Price Index], the IPC-r [Consumer Price Index-Real], and the FIPE [Economic Research Institute Foundation] index) was 8 percent. This is the lowest inflation in the first five months of a year since 1973. Over the past 35 years, inflation in the first five months of the year was lower only in 1960, 1969, 1970, 1972, and 1973. This 8 percent, which accumulated over five months, is the same as an accumulation of five days in June 1994. The basic basket is today 5 to 6 percent cheaper than it was — in nominal and absolute terms — on 1 July 1994. As nominal wages have grown by about 30 percent — the minimum wage grew by about 40 percent during the same period — it shows a substantial increase in the purchasing power of workers with respect to basic basket goods. Incidentally, basic basket prices are not monitored by the government but by Procon [Office for the Protection of Consumers] and DIEESE [Inter Union Department for Statistics and Socioeconomic Studies], which is a union organ. I want to emphasize that this has been

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achieved without any freeze, confiscation, breaking of contractual commitments, or recession. In 1994, the Brazilian economy grew 5.7 percent in real terms. The industrial and agricultural sectors grew by more than 7 percent. Last year we had a record crop volume. This growth has not dropped. On the contrary, in the first quarter of 1995, the Brazilian GDP grew by 10.5 percent, in real terms, compared with the same period in 1994, while industry grew by 15.5 percent, and sales by 28.5 percent. Responsible countries clearly understand that growth rates of this magnitude cannot be sustained without suffering two other effects that usually come together: First, price increase expectations and inflation growth. Second, instability in the balance of payments as imports grow excessively to feed an increasing demand that cannot be met by domestic supply, even with expanding supply levels.

We adopted significant measures which are already effective, as Dr. Gustavo Loyola mentioned, to reduce growth to more sustainable rates that are compatible with domestic production growth rates. The government's task, here and for that matter in any country in the world, is to accompany the events, adopting appropriate measures either to bring more flexibility — when it becomes clear that we are on a sustained growth curve — or to impose restrictions, in the opposite case.

At this time, as Loyola noted — based on current indicators — we are possibly on a course that is gradually and safely leading to more flexibility. Yet this process will not be made at a swift, irresponsible pace because our major commitment is to macroeconomic stability, low inflation, and sustained growth. We are not interested in isolated objectives.

I have said there are miserable countries in the world with an inflation rate that is close to zero. They would be much more miserable if the inflation rate were high. There are countries with reasonable growth rates but with serious social ailments on which no action has been taken. The standing objective of low inflation and sustained growth — not of growth that disappears under an outburst of inflation and payment balance instability — is to permit the country to maturely, responsibly, and without demagogy address what is really important; namely to resolve our immense social imbalances and ailments. This will define our future, both as an economy and as a society. Trying to do it while neglecting inflation and sustained development would be to indulge again in deception or to permit or try to deceive the majority of the Brazilian population. Unfortunately, we still have a culture of inflation, a culture of indexation. In this country, inflation stood below 19 percent only in 1972 and 1973, while over the past 40 years it stood below 15 percent only in 1955 and 1957. We have made our contribution to mankind. Beside homo sapiens, homo faber, and homo economicus, we created homo indexadus. We need not only an economic, financial, political, and institutional change; we also need a cultural change.

The process, as Loyola says, is long and arduous. Unfortunately, in this country, it is believed that a providential man, one who knows everything, will emerge at a certain point to resolve the problem once and for all. The sooner we put aside the idea of this providential man who knows everything, who has the wisdom to define not only the guidelines but also the operational implementation details, the better it will be for the process of building and consolidating democracy and reform. This is a slow process that requires patience, persistence, perseverance, resolve, and a sense of direction. I believe this sense will not fail us just as it has not failed us in the past two years under the guidance and leadership of President Fernando Henrique Cardoso, who was elected to play this role.

In my opinion, the overwhelming majority of Brazilians expect the Cardoso administration to keep inflation under control, sustain growth, and earnestly attack those shameful social inequalities. Yet, if in doing this we overlook inflation and sustained growth, we would be repeating the mistake of generously handing out nominal gains. Another more harmful way would be to let inflation absorb nominal gains, through a reduction of real wages. Unfortunately, I have to report that groups that advocate inflation, a weak currency, and a broad front against the Public Treasury are still strong in this country. This is a self-destructive front because the Public Treasury is ours. The government does not create resources; it merely transfers them.

It is unfortunately believed that the federal administration can and should assume full responsibility for resolving problems that have accumulated for decades in this country, the solution of which is not incumbent upon the executive branch alone. They must be addressed by both the executive branch and the legislative branch. I would like to pay tribute to Congress for the recent votes that will contribute to modernizing Brazil, the judicial branch, society at large, public opinion, and the press. We believe it is possible to succeed, that we are not condemned to failure, that although previous stabilization experiences have failed this does not mean that this plan is also doomed to fail. We refuse to accept the still prevailing argument that "it has always gone wrong before, why should it go right this time?"

President Cardoso has described this attitude as risky and has called it "defeatism" ["fracassomania"]; that is, that we are doomed to fail as a nation and as a society. I

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believe this is the worst that can happen to any society; that is, low self esteem, a lack of self confidence, and a lack of faith in the future. This introduction just expresses my belief that the road ahead will be difficult, that we are not running a 100-meter race, rather, as Deputy Antonio Kandir put it, in a marathon — perhaps a marathon with hurdles — that will take time and will require perseverance and resolve, which I hope we will not lack, as we have not lacked until now. Yet, we need support to achieve this.

I wanted to make these introductory remarks to express my confidence that the work of the executive branch with Congress and with the judicial branch will continue forward, and to explain in relatively simple terms to the people what is at stake here; that is, the future of the Brazilian economy and society. I believe all this requires proposals for constitutional reforms in fiscal areas and public administration, as well as in spending and tax areas, which we will be submitting soon to Congress. It also entails a program to reduce the Brazil Cost [social and other expenses that affect export products], which we will not discontinue, even though we know it is not an easy task. We have no alternative but to reduce the cost of production of goods and services in Brazil in keeping with the cost of production of goods and services in other countries.

We will continue to tread this path knowing that magic cannot be used here, that one cannot perform pirouettes, but just move on the set course. I do not want to talk too much about economics because I have done that on other occasions. I want to take this occasion to reaffirm — and [outgoing Central Bank, BC, President] Persio Arida is well aware of this because we have been friends for 15 years — how much I regretted his decision to leave his post for personal reasons. We all know here that if I were to single out one, two, or three people who have played key roles since mid-1993 in conceiving, designing, and implementing the Real Plan, Persio would be either first or second on this list. He is one of the most brilliant economists in Brasil and I am talking about past, present, and possibly future generations. He has earned the admiration and respect of all of those who know him and I trust that he will earn that from those who have not yet dealt with him. Persio is very special both as a professional and as a human being. It is with a feeling of regret that I attend this farewell ceremony for him.

My regret has to a certain extent been offset by the fact that Gustavo Loyola, an exemplary public servant, will replace him. In fact Persio and I early this year invited him to head the BC. The BC will be led by a highly competent professional, and an exemplary public servant who fully supports — judging from the speech you have just heard — the stabilization program, and both the Cardoso administration and its program for the country. I want to take this opportunity to reflect on this change and the attitude of people today in Brazil regarding issues that affect those who decide to become public servants, whether by temporarily leaving the private sector or as a career servant.

The exercise of a public office, especially those attracting public scrutiny and curiosity, inevitably brings resignation and hardship. I am not referring to financial sacrifices, although these do exist too and should, in my opinion, be considered indicative of the degree of dedication of some public men. It means sacrificing one's private life, family life, and personal habits. I refer to a permanent exposure to questionings that frequently confuse the office, which is public, for the officer, who is a precarious human being like any other. For us, these have often become rigorous tests. This happens when the lines dividing public and private life are overstepped, whenever there is a failure to distinguish between that which is of legitimate public interest from that which pertains to the private sphere of the individual. Invasion of privacy is all the more harmful and serious when it goes hand in hand with certain attitudes which, unfortunately, are based on the assumption that a public servant is — virtually by definition — someone without alternatives, or being relatively poorly prepared and potentially dishonest, and some times all of these traits at the same time. This is a deeply mistaken image of the Brazilian public servant which has unfortunately taken root.

I believe we have reached a good moment to stop and ask about the type of social coexistence we want as a society; about the sort of tests and exposure to which we want to subject public employees of different echelons. After comparing experiences, it has been concluded that each society must shape — according to its historic, cultural, and social traits — the kind of relationship between public men and public opinion, as well as the degree and type of explanations those who occupy public positions must give the press and, ultimately, society in general. In Brazil, I believe this behavior and relationship pattern is still being shaped. This is why I think it is so important to mediate the issue. Not long ago, we left a political scenario where diversity of opinions and interests could not be freely expressed directly or indirectly by their formal channels — the two congressional chambers — or informal channels — the media and varied types of social organizations. This scenario suffocated our means to express our social complexity and restrained our freedom of expression. This freedom has been restored for some time now and our democracy, which is still being shaped, is in

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the stage of adolescence, or young adulthood at most. This is why the current moment is so important for the definition of our behavioral pattern and of our rules of coexistence. As to the scrutiny of the life and actions of public figures, we must make some choices. We can choose between healthy skepticism — often without barriers and without commitment to a previous corroboration of facts — and the scrutiny of public spheres with good criterion and respect for private spheres and promiscuity between the two spheres. This promiscuity is synonymous of lack of respect for private life and for each human being's individuality. It is an enormous responsibility to define the nature of criticism. This responsibility has been exaggerated because it is exerted without control from outside. To define the profile, nature, and degree of criticism and investigation, is a way of exerting self-control. Congress is sovereign to investigate, the press is free to probe, and each citizen or association is free to scrutinize the acts of a public man within the limits of the law. The temptation of freedom, of yielding to uncontrolled power is great. It is easy to give in to irresponsible, frivolous criticism. It is difficult to criticize in a responsible and impartial manner, to question one's own criticism. The great challenge is to exert the critical task with responsibility, without falling into the trap of making hasty charges, without losing sight of the difference between matters of public interest and intrigues behind the scenes, between news that informs and rumors that predispose. The profile of the type of society and, in an ultimate analysis, of public servants we want depends on our choice. We must decide if we want to be predestined to backwardness, resigned to the fatalism and shame of having public servants who are deemed inadequate for the country's needs. This image is often sold and ends up by prevailing in certain areas. As Millor Fernandes [famous Brazilian humorist] once said: "Public opinion is whatever is published." We must decide if, on the other hand, we will have a public servants' cadre that the nation can be proud of: Public servants who are modern, well-humored, recycled, well-qualified, educated, competent, and synchronized with what is most modern, effective, and stable.

In this institution, where Dr. Gustavo Loyola is today re-installed, the rules that will command the stability of his presidency and board of directors will soon be defined, I hope, by a specific law to be approved by Congress. This law will reflect what society wants. Personally, I fully believe — and even bet on it — that we will choose public servants we can be proud of. What gives me this certainty is my experience of almost 30 years of public service. During these years, most of the servants I have worked with were extremely competent and ready to contribute to the public service, like Persio Arida, who is now leaving the BC presidency, and Gustavo Loyola, who is now returning to this position. I believe it is possible to have a respectful and respected public servants' cadre; to have public servants with self-respect and self- esteem — public servants who are respected in the country and abroad.

The above is, in my opinion, a precondition for us to consolidate Brazil as a modern nation, and is also the main pillar for promoting the modernization of the state, which is a major challenge in these times. As I said on a previous occasion quoting [Italian writer, 1891-1937] Antonio Gramsci, we must be skeptical in our thinking but optimistic in our actions. It is ultimately a matter of choosing between resigning ourselves to a defeatist conformism, to backwardness; and forging, through respect for those willing to work for the common good, the conditions that will enable us to build a public service system of which we can be proud. Personally, I am in favor of the second choice. Based on an inner, personal conviction, and as the finance minister, I want to make an appeal to those performing the honorable task of supervising, of pressing charges, and of reporting. Theirs is no doubt a significant task. I am appealing to them to discharge their duties responsibly, showing high public spirit, and without losing sight of the ultimate objective, that is, their commitment to serving the entire society. I would like to close my speech by giving you the answer I gave to two questions posed to me by the magazine IMPRENSA, which asked the same two questions of all cabinet ministers following the inauguration of this administration. Because IMPRENSA did not publish my answers, I am going to read them to you here. IMPRENSA claimed that it did not publish my answers because only three of the ministers responded, and thus their story was considered to be incomplete. Yet I personally answered those questions, and would like to read them here to you as my closing arguments in this already long speech. IMPRENSA asked me the following two questions: One, is the Brazilian press democratic or not? Two, what can be done to improve it?

My answer to the first question was, and I will read to you what I wrote back in January: I do not have the slightest doubt about the Brazilian press being democratic. I would say more: I believe it has played an absolutely essential role in the slow, gradual process of political opening that Brazil has experienced since the early 1970's. Today I believe the press continues to act correctly, to push for a sound struggle; that is, for greater efficiency and transparency in the administration of public assets and, principally, against some undue forms of taking control of the state used by some corporative,

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public, or private interest groups, which have often robbed the Public Treasury. I know of the quality of the press in rich and poor countries, and the quality of the best Brazilian press is second to none. Likewise, the many good Brazilian journalists are as good as their foreign counterparts, who are at a disadvantage for not being able to read the literary works of Machado de Assis, Eca de Queiroz, Gracialiano Ramos, and Guimaraes Rosa in their original Portuguese version.

My answer to the second question — what can be done to improve it? — was the following: I believe there is always room for improvement in any human undertaking, whether regarding people, companies, institutions, or countries. It was far from my intention to give advice to specialists or to those who, by reason of their trade, ought to reflect on their daily activity. Thus, allow me to make a suggestion: Why not continue the debate initiated recently about the role of the press by [Planning Minister] Jose Serra with Clovis Rossi, and Luiz Nassif of FOLHA DE SAO PAULO, Fernando Pedreira of O ESTADO DE SAO PAULO, Zuenir Ventura of O GLOBO; the space recently set aside for free-lance contributions by JORNAL DO BRASIL — I am adding this now. At what moment are we now? Let me continue to read to you my answer to IMPRENSA: It is the starting point of an administration that was legitimately elected by a wide majority of votes. This is an administration that was elected on the basis of an ongoing program, and which has four years ahead of it during which it does not intend to take spectacular actions, make publicity stunts, create messianic packages, or make sudden or unexpected shifts in the course taken. It is an administration that insists on the need for patience, perseverance, resolve, and gradual changes with a sense of direction and purpose, which have been clearly outlined: macroeconomic stabilization, sustained growth, and principally an earnest attack on our social inequalities, on the poverty and misery in this country.

I will continue with my answer. The Brazilian press — without disregarding its main responsibilities, which were mentioned above — could play an extraordinary role in the public interest. The press could do it if it helped responsible readers, who make up the vast majority, gained a better understanding of this process of change — the word process was underlined in the original answer — in all the areas in which it will take place. That's the end of the answer. If I had to continue today, I would quote recent articles, and I would set aside what Eduardo Gianetti referred to as the "macroeconomics of rumor" in the best article ever written in this country about Arida's resignation; what Fernando Pedreira referred to as "journalism of dissent;" and what Marcos Sa Correa referred to as "the mismanagement of irreverence." Summarizing, less space should be given to rumors, to gossip, to the last cry of the moment, to the dissemination of reports that sometimes serve the secret purpose of some agents, and to the inappropriate politicization attached to differences that are legitimate, healthy, and that occur in any country in the world between second, third, and fourth-level government officials. This is something natural, yet here they are rapidly transformed into controversies of a political nature, while they are actually technical-operational matters, and it is important to debate on them as such.

Summarizing, in order to approach a conclusion, the matter that I would like us to more responsibly discuss is the following: Why is it so difficult to bring to the government — and I am referring to Brasilia — economists of the caliber of Edmar Bacha, Andre Lara Resende, Persio Arida, and Francisco Pinto, among others? I do not want to mention here the names of several high-level economists whom — at the request of several finance ministers — I personally tried to convince to join the public sector. Believe me, it is difficult. I believe it would be worth thinking about the reason for such difficulty. Someone might argue: Well, but in the end you managed to bring Bacha, Persio, Andre, Chico Pinto, and so many others. The important question is the following: Why is it so difficult to keep these kinds of persons, or persons with similar features, in public posts? It is not a trivial question. It calls for deep reflection. As Eduardo Gianetti has brightly noted in a article, it is possible to find a way to make compatible what seems to be antagonistic: the private and the public sectors. There are reasons of a strictly personal nature, yes. Yet people have deeper reasons that we should try to investigate. Such reasons have nothing to do with minor confrontations and rumors about the possible direct cause of decisions that have deeper grounds. And in order to avoid referring only to people outside the government, there is another relevant question: Why do exemplary public servants not deserve the public respect that in other countries I believe they receive from society as a whole? I apologize, because the list would be too long, but I would like to mention some examples such as Gustavo Loyola, Luis Carlos Sturzenegger, Murilo Portugal, Pedro Parente, Everardo Maciel, Claudio Mauch — the list would be too long, and I wouldn't like to be unfair by failing to mention other names. I believe the matter deserves investigation, and I hope we will be able to do it over the next few days, weeks, months, or years.

I ended up speaking for too long. I want to conclude by expressing my full and absolute confidence in Gustavo Loyola at the head of the Central Bank, in

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his capacity to promote integration into the stabilization program and into the government objectives. I would like to once again reiterate what I have said since the very beginning. I was the one who told Persio Arida that I had conditioned my acceptance of the post of finance minister on his own acceptance of the post of Central Bank president. Since the very beginning I said that Persio enjoyed, that he enjoys, and that he will always enjoy my broadest, general, unrestricted, and full confidence. I am also sure that he will enjoy the confidence of the president and of all the members of the so-called economic team, with whom he shared experiences over the past few years. As in the past and in the present, Brazil will in the future still have a lot to hear from Persio Arida. Please excuse me for having spoken for so long, and for the rather personal tone I used to, let us say, vent my own feelings. These matters are important in defining our rules of coexistence, particularly between the public and private sectors. I thank you for your attention. Thank you very much.

Lampreia Links Argentine Recession To Car Quota Issue

PY2106031895 Sao Paulo AGENCIA ESTADO in Portuguese 2231 GMT 20 Jun 95

[Report by Carlos Franco]

[FBIS Translated Text] Brasilia, 20 Jun (AE) — Brazilian Foreign Minister Luiz Felipe Lampreia today overlooked diplomatic formality and attributed "to the recession that Argentina is experiencing, the impact provoked there by the Brazilian decision to establish car import quotas." Lampreia said that, unlike the Argentine economy, the Brazilian economy is now growing at a fast pace and it has become a market for Argentine products. Lampreia also believes that it will be possible to regulate Article 8 of Provisional Measure 1024 in 30 days and thus establish rules for the entry of Argentine vehicles into Brazil.

Upon leaving the Chamber of Deputies — where he testified before the Human Rights Committee — for a meeting with Uruguayan President Julio Maria Sanguinetti, Lampreia said that Brazil has no problems with Uruguay. "We have a bilateral agreement that limits to 10,000 the number of cars Brazil can buy from Uruguay."

Lampreia conveyed optimism about reaching an agreement among the Mercosur [Common Market of the South] member countries and his belief that it will be possible for Brazil to reverse the trade deficit stemming from imported cars. Foreign Ministry advisers who participated in the negotiations with Argentina have not spared, however, any criticism of former Finance Minister Ciro Gomes who, in their opinion, hastily opened the Brazilian auto market.

Late last year, in a move to discourage speculation by dealers regarding inexpensive Brazilian-made cars, Gomes reduced import tariffs for similar foreign-made cars and thus moved ahead of the Mercosur timetable. It is precisely this move that we are trying to reverse now, the Foreign Ministry officials said.

Chile

Under Secretary To Attend Guarantors' Meeting in Brasilia

PY2106003295 Santiago EL MERCURIO in Spanish 20 Jun 95 p C3

[FBIS Translated Text] The guarantor countries of the 1942 Rio de Janeiro Protocol will meet on 22 June in Brasilia with the diplomatic representatives of Peru and Ecuador to continue with the pacification process between the two countries.

An effort will be made during the high-level political meeting to secure an agreement between the two countries with regard to the establishment of a demilitarized zone in the Condor mountain range where the fighting took place, the opening of the borders, and the exchange of prisoners.

If an agreement is reached, it will be one more step in the peace process being carried out by the guarantors and a measure for establishing an environment of mutual confidence to allow the Peruvian and Ecuadoran governments to express their political will for dialogue to be able to overcome the current problems and the essence of the conflict that led to the military confrontation.

This remark was made to this newspaper by Fabio Vio, acting deputy foreign minister and director of the Foreign Policy Department.

Chile, Brazil, Argentina, and the United States are the guarantors of the 1942 Rio de Janeiro Protocol, which established the border between Peru and Ecuador.

Vio will attend the high-level meeting of the four guarantors with the Peruvian and Ecuadoran deputy foreign ministers, Eduardo Ponce and Marcelo Fernandez de Cordova, respectively. Vio labeled the meeting as "very important" because it is the first meeting the guarantors are holding with the Peruvian and Ecuadoran government representatives since the Itamaraty Declaration that established a timetable for the pacification of the two countries was signed three months ago.

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Vio said that the meeting in Brasilia is being held to make an overall evaluation of the current situation.

Espinoza Handed Over to Police, Begins Prison Term

PY2006132095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 20 Jun 95

[FBIS Translated Excerpts] Ex-Brigadier Pedro Espinoza spent the night in the Punta Peuco prison. Espinoza, who was accompanied by his attorney, Miguel Retamal, was received at Punta Peuco by National Prison Police Director Claudio Martinez.

Pedro Espinoza's imprisonment, which became a fact at 0134 today, ended a long process that yesterday had upset the political arena due to statements by the former military man.

The surprising development was prompted by Brig. Pedro Espinoza, who said that he had personally decided to serve his sentence at the Army Telecommunications Command because it fulfilled the requirements of being an honorable, safe, and peaceful site. [passage omitted]

Brig. Pedro Espinoza was discharged from the Army at 2110. He himself, in another surprising development, announced that his institution was handing him over to the Investigative Police so that he could be taken to prison.

Twenty-one days after the ruling on the Letelier case was passed down, one of the sentenced individuals, Brig. Pedro Espinoza, was placed by the Army at the disposal of the Investigative Police and the National Prison Police so that he could serve the sentence of imprisonment passed down by the Supreme Court.

During a telephone interview at noon, Espinoza asserted that he was not willing to go to Punta Peuco because it did not fulfill the requirements of being a safe and honorable site. [passage omitted]

At dawn today, Brig. Pedro Espinoza was imprisoned at the Punta Peuco prison. Accompanied by relatives, his attorney, and the National Prison Police director, Espinoza, who until yesterday was an active Army member, entered the prison in Tiltil after being arrested by members of the Investigative Police at the Army Telecommunications Command.

Brig. Pedro Espinoza entered the Punta Peuco prison at 0135 today. The former Army officer traveled the 50 km to Tiltil in his attorney Miguel Retamal's car. The eight vehicles forming the motorcade that left from the Army Telecommunications Command in Penalolen travelled at over 120 km per hour to the prison premises. The retired brigadier was escorted by military, Investigative Police, and Carabineros officers. A few minutes earlier Claudio Martinez had arrived at the new prison to make the arrangements for Espinoza's arrival. After two hours of red tape procedures, the Investigative Police officers who arrested Espinoza left the prison. [passage omitted]

Later on, Espinoza's relatives and attorney left the premises. They said he was in good spirits, and that his only concern is a nearby hill from where an attack against the prison could be perpetrated. [passage omitted]

Government Declaration: State of Law Prevails

PY2106031195 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 21 Jun 95

[Public declaration read by Edgardo Riveros, acting minister secretary general of government, in Santiago on 20 June]

[FBIS Translated Text] The transfer of ex-Brigadier Pedro Espinoza to the prison of Punta Peuco today is part of the fulfillment of the last stage of the Supreme Court ruling.

In this regard, the state of law in Chile fully prevails. The country has witnessed the respect that all institutions have for the Constitution and the laws, especially in this case related to obedience to the court ruling.

The government has reiterated that judicial procedures go along with the deadlines and regulations that are part of the current juridical framework. Therefore, the people must await with tranquillity the stages that remain for the implementation of the court ruling according to the judicial decisions made.

Colombia

Troops Find Bodies of 2 Kidnapped U.S. Missionaries

PA2106040195 Madrid EFE in Spanish 0240 GMT 21 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 20 Jun (EFE) — Two U.S. missionaries who had been kidnapped more than seven months ago were found dead today in a mountainous area near the eastern plains, Radio Super has reported in Santa Fe de Bogota.

The bodies of clergymen Timothy Joy Van Dyke and Stefen Ever Wells were found by troops of the 7th Military Brigade in an area of the eastern mountain range, between Cundinamarca and Meta Departments, a correspondent of the radio station has said.

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The missionaries were kidnapped by a group of armed men at a farm in Villavicencio Municipality when they were teaching classes. It is not known to what organization the kidnappers belong.

Another U.S. citizen, Raymond Ritsin of the Summer Institute of Linguistics (ILV), was kidnapped three months later in southern Meta Department, and his whereabouts are still unknown.

The two missionaries whose bodies were found today belonged to the New Tribes of Colombia Missionary Organization, which has decided to leave Colombia after the kidnapping.

According to the media source, the victims had lived in the country for more than 10 years and were involved in evangelization tasks in Colombia's eastern plains.

This weekend, military sources reported that guerrillas kidnapped 179 foreigners during the past five years.

Further on U.S. Missionaries

PA2106042295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0315 GMT 21 Jun 95

[Report by Evert Rincon in Villavicencio from "Caracol's Quarter Hour" newscast]

[FBIS Translated Text] The bodies of U.S. missionaries Stefen Ever Wells and Timothy Van Dyke are in the morgue of the Villavicencio Hospital after they were found shot to death in (Los Maranones), Medina Municipality, Cundinamarca Department. The bodies were examined by the 8th Prosecutor's Office of Villavicencio, and they were identified by a member of the New Tribes of Colombia who arrived at the site.

The victims were held for 17 months by the FARC [Revolutionary Armed Forces of Colombia], which kidnapped them in January 1994 when they were at a camp in the village of Santa Teresa, in the outskirts of Villavicencio.

Government Not To Lower Guard Against Drug Struggle

PA2106041495 Madrid EFE in Spanish 0145 GMT 21 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 20 Jun (EFE) — Today, Colombian President Ernesto Samper warned his government "will not lower its guard" in the drug struggle and said the full weight of the law will fall on drug traffickers who do not surrender voluntarily.

In some sort of ultimatum, Samper invited the members of the drug cartels to surrender to authorities before being apprehended, and he guaranteed they will receive "fair trials and safe jails."

Speaking at the close of the regular period of sessions of Congress, Samper said that as part of the pacification policy, the government has insisted on the surrender of drug traffickers and criminals who are members of organized crime groups.

"Those who at some point have questioned the government's will to fight this serious scourge of drug trafficking have already clear demonstrations of the firmness of our determination in this area," the Colombian president affirmed.

For Samper, this commitment "does not result from coercion but, rather, from the firm conviction" that resolving this problem "is a national security concern for Colombia and a moral obligation."

He warned that despite the achievements made in recent days, "we will not lower our guard; we will continue to persecute drug traffickers and to apply the comprehensive policy against this crime which I announced at the time of my inauguration (7 August 1994) and which I have personally directed."

The Colombian head of state also asked that "the international community show a greater commitment, especially in controlling consumption and money laundering."

Those who believe they are going to make the government bend with acts of terrorism are totally wrong, because "there will be no negotiation with terrorism," he said, commenting on the recent attacks registered in Medellin and Santa Fe de Bogota.

A bomb went off on 10 June, killing 20 people in Medellin, and another explosive device detonated five days later at the Congress building, in downtown Santa Fe de Bogota, close to Narino Palace (where the Presidency is located), in attacks still not clarified by authorities.

"Negotiating with terror is like surrendering the state, and we are not going to do that no matter what happens," Samper also cautioned.

He also announced that if necessary, he will advance "a policy" to "begin conversations with paramilitary groups following the good results in the struggle against the Cali Cartel."

This plan "is part of the policy aimed at guaranteeing the security of all Colombians," added Samper after highlighting the task done by the legislature, upon closing the semester period of sessions.

Samper made the aforementioned warning 10 days after the arrest of Gilberto Rodriguez Orejuela, the top leader

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of the Cali Cartel, and 24 hours after the voluntary surrender of Henry Loaiza, alias "El Alacran," considered the military head of that organization engaged in cocaine trafficking.

Loaiza turned himself in to authorities in Santa Fe de Bogota due to military and police pressure, he admitted.

'Drastic' Drop in Commercial Sales

95CA0261A Santa Fe de Bogota EL TIEMPO in Spanish 7 Jun 95 pp 1, 6B

[Article: "Orange Alert' in the Business Sector"]

[FBIS Translated Text] Commercial sales have begun to decline and the outlook has dimmed to such an extent that Fenalco [National Federation of Businessmen] said yesterday it is declaring an "orange alert" in the sector.

An opinion poll taken directly by the trade association among a group of businessmen from Bogota, Cali, and Barranquilla, characterizes May as the worst sales month of the last 12 years.

Even Mother's day—which, for some business activities was very good—failed to change the results for the month, according to this survey of 23 firms, which included big department store chains, supermarkets, and wholesalers of foodstuffs, liquors, furniture, tires, clothing, jewelry, books, and hardware and construction material.

A report prepared by Fenalco's Economic Directorate finds that "Colombian commercial sales have undergone a drastic and dramatic drop in the last two months."

Based on the results of the survey it conducted together with FEDESARROLLO [Federation for Development], Fenalco's report states that April marked the start of a new cycle in commercial activity. Of the businessmen consulted, 24 percent said that the economic situation for that month was decidedly bad, whereas only 12 percent of those polled used those terms to characterize the month of March. In April of last year only 9 out of 100 businessmen deemed the economic outlook bad.

Since then, the proportion of businessmen with a favorable view of the economic situation has diminished. In April of this year, 23 percent of the businessmen deemed the situation good, versus 32 percent in February. "It has been at least three and a half years since results have been this disheartening."

But there is more. Hope for good economic performance during the next few months has declined. In April, 27 percent of the businessmen had favorable expectations, whereas 39 percent expressed that opinion in February, and 50 percent did so last December. In other words, uncertainty is growing.

Forty-five percent of the businessmen reported a drop in sales in April (in terms of units), as compared with the same month a year ago. At the same time, the number of businessmen anticipating an increase in sales diminished from 52 percent in February to 34 percent in April.

Moreover, 57 percent of the businessmen said they had not attained their anticipated sales level for April.

A clear sign that sales have declined has become noticeable in the behavior of inventories, which according to Fenalco have reached their highest level of the last two years.

The most worrisome indicator of the situation in the commercial sector is the unprecedented increase in answers that cite low demand as the main problem. According to the survey's findings, April posted a new "record," with 43 percent of the businessmen saying that the drop in demand is their main problem. Not since July 1989 has this ratio been as high.

In May, a Nose-Dive

After analyzing the sharp fall that became noticeable in April, Fenalco's study reveals that the situation worsened in May.

During that month, 70 percent of those interviewed reported an overall decline in sales, 22 percent said that sales were for the most part the same, and only 8 percent said there had been an increase.

Sales in May, according to 57 percent of those interviewed, were even lower than in April, a situation that Fenalco considers "deeply worrisome, since the month of May is particularly favorable to business, due to the celebration of Mother's Day."

The survey also finds that 56.5 percent of the businessmen did not attain their sales estimate for the first five months of the year, 26.1 percent did, and the remaining 17.4 percent stated that they had exceeded their target.

Some of the businessmen interviewed stated that May had been the worst month of the last 12 years, and that from the standpoint of catastrophic results, it is comparable solely to May 1984, the year in which collection of the VAT (value-added tax) went into effect.

Among the great many reasons offered to explain the decline in commercial sales, the study cites in particular that banks are not lending money, interest rates continue very high, financing is becoming more of a problem day by day, the competition is offering too many discounts, international prices "are killing us," taxes are very high, smuggling continues to destroy legitimate business, and among still other factors, delinquency is on the rise.

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The survey concludes that "there are clear signs of an economic slowdown," and that what is worrisome is that all indications point to a worsening over the next few months. All things considered, it reasons that if the economy grows by 5.0 percent, the businessmen will consider themselves well served.

Peru

Official: Upcoming Guarantors' Talks Viewed Optimistically

PY2006225795 Madrid EFE in Spanish 1915 GMT 20 Jun 95

[FBIS Translated Text] Lima, 20 Jun (EFE) — Peru will evaluate the progress of the Itamaraty Agreement during the meeting of the deputy foreign ministers of the Rio de Janeiro Protocol guarantor countries to be held in Brasilia in the next few days. At the talks, Peru will defend its position within the framework of law, peace, and progress among peoples.

This comment was made today by Peruvian Deputy Foreign Minister Eduardo Ponce Vivanco before leaving for Brasilia, where his counterparts from Argentina, Brazil, Chile, and the United States will evaluate the results of the Itamaraty Agreement.

Ponce said that his presence in Brasilia does not mean that Peru wants to review the issue, but that he will defend the points established in the Itamaraty Agreement for ensuring peace in the border zone with Ecuador.

Ponce said: "Peru's expectations with regard to the meeting of deputy foreign ministers are within the framework of the law, peace, and progress, as clearly stated by the Itamaraty Agreement."

He also said that before the meeting of deputy foreign ministers is held, there will be a technical meeting for the military personnel of the guarantor countries who verified the fulfillment of the Itamaraty Agreement for reaching a final peace.

The Brasilia meeting is part of a process on the part of the guarantors of the Rio de Janeiro Protocol and the deputy foreign ministers of Peru and Ecuador to find a peaceful solution to the conflict in the border region. The demarcation of this zone was established and defined in 1942, but Ecuador does not accept it.

Before leaving for Brasilia, Eduardo Ponce said that Peru is optimistic about the talks.

'Unusual Movement of Tanks' Reported in Lima

PY2006224595 Madrid EFE in Spanish 2117 GMT 20 Jun 95

[FBIS Translated Text] Lima, 20 Jun (EFE) — An unusual movement of tanks and other armored vehicles took place today in Lima in an apparent demonstration of force after a judge refused to obey an amnesty law for military personnel that was promulgated by the government.

An undetermined number of Russian-made T-55 tanks and other lighter armored vehicles left at noon (1700 GMT) from the "Rimac Fort" in Lima, headquarters of the Second Military Region, for an unknown destination, while there was no explanation for the movement from military officials.

Armed Forces Command Denies Movement

PY2106031295 Lima America Television Network in Spanish 0100 GMT 21 Jun 95

[FBIS Translated Text] We have a last-minute report. General Raul Suarez Freitas, director of the Information Department of the Armed Forces Joint Command, denied an unsual deployment of tanks and other armored units in Lima. He explained that it was a routine deployment of tanks and other armored vehicles near the Army base for the purpose of performing maintenance.

UPP on Organizational Structure, Municipal Elections

95SM0358B (Internet) Peru DESCO Gopher in Spanish 1 Jun 95

[From Resumen Semanal 24-30 May]

[FBIS Translated Text] The Union for Peru [UPP] movement issued a statement that read as follows: "Under the leadership of Javier Perez de Cuellar, following his return to the country, various working meetings have been held. The agreements reached are the following: 1) The Union for Peru will maintain its organization as an independent political group, with the characteristics of a movement, which is the form in which it has registered and is maintaining its registration. 2) The UPP will be organized as a democratic structure of the territorial type, and it will therefore proceed to make a survey of its membership and to establish committees throughout the country in accordance with the procedural norms adopted by the leadership bodies of the movement. 3) For the purposes of drafting and implementing the organizational plan, reviewing and updating the government plan and programs, establishing the political line, coordinating activities with the parliamentary group, and carrying out the work with sectorial and

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operational groups, as well as determining the role to be played in various electoral events and consultations held in the country, it has been agreed—until such time as the First National Congress is held—to organize the political leadership of the movement as follows: a) the UPP Assembly, b) the Office of the UPP Presidency, entrusted to Javier Perez de Cuellar, who will also serve as the legal representative of the movement, and c) the National Commission, which will serve as the governing body for the implementation of the points set forth under (3). 4) The UPP members in the Congress will constitute the parliamentary group, the body responsible for legislative work, political representation, and supervision. This group will coordinate its efforts directly with the president of the movement and with the National Commission." (Most dailies 25 May 95)

The Union for Peru movement headed by Javier Perez de Cuellar will not nominate candidates for office in the municipal elections next November. Instead, it will leave its members free to participate as members of broad municipal fronts. According to the communique issued on 26 May, the UPP assigns priority "to the neighborhood character of the municipal elections, and therefore, it encourages the broadest participation by the citizens in this process and believes that it should be carried out with a view to the decentralization of the country. The UPP wants to support the candidacy of upright and honest citizens qualified for municipal management, and so it says that it will support the creation of broad fronts throughout the country, open to pluralistic participation by the neighborhood residents and organizations able to agree on the drafting of a genuinely democratic joint platform. Also, the UPP expresses its energetic objection to Law 26452, which it believes imposes undemocratic restrictions on the participation of the political parties and organizations in the electoral processes. (EL COMERCIO, EXPRESO 27 May 95)

Daily Urges Government Reforms

95SM0354B (Internet) Peru DESCO Gopher in Spanish 25 May 95

[From Resumen Semanal 17-23 May]

[FBIS Translated Text] The daily newspaper EXPRESO (19 May 95) reported as follows: "There is urgent talk about some changes in the cabinet. For the government, there are two types of renewed efforts that need to be made. On the one hand, there are the social sectors, such as education and health, in which reform needs to be resumed and speeded up, and the administration of the programs and services must be drastically improved. The social sectors need to be strengthened. Those with the best professional and technical capacity should be assigned there, because these are the only sectors in which there is direct management by the modern state. The secondary schools, the hospitals, and the post offices are public service enterprises of small or average size which should be strictly managed as enterprises, enjoying autonomy and provided with criteria for assessing efficiency and the results obtained with a view to the allocation of resources. The situation in the justice sector is somewhat similar. Very extensive work must be done with the judicial branch, which must not continue to operate at the present level of inefficiency, delay, and impoverishment. The court jurisdictions are also small service enterprises. And in the Ministry of Interior, the work of launching a reform of the police services, and, in general, the security system, which must include the municipal sectors, cannot be postponed. In the agricultural sector, the institutional structure of the markets is in chaos. In the industrial sector, on the other hand, the legal framework has already been established. This is a ministry that could be made a department under the Ministry of Economy. The tasks pertaining to job promotion, the microenterprises, and exports that the president has entrusted to the vice president-elect, Engineer Ricardo Marquez, should be undertaken not by a minister, but by what the North Americans call a czar.' The man in charge should be the czar' of the job or the microenterprise sector."

Venezuela

Caldera Assesses Reform of Tax Collection System

PA2006141995 Caracas ECONOMIA HOY in Spanish 17 Jun 95 p 3

[Report by Gregorio Salazar]

[FBIS Translated Text] President Rafael Caldera has defined as significant the steps taken to reform the tax collection system, which was obsolete and problematic because of the incompetence and inefficiency of personnel in charge of this task, and which also had been hurt by corruption.

Caldera praised these reforms while inaugurating the Management Office for Special Taxpayers in the Capital under the Integrated National System for Tax Administration (Seniat) [Gerencia de Contribuyentes Especiales de la Region Capital, en el Sistema Nacional Integrado de Administracion Tributaria].

Caldera noted that in terms of public administration reforms, one area that needed reforms most was ancillary management. He added, "Actually one of the greatest efforts made by the government I am honored to head has been this ancillary reform, including the reform of tax payments and related mechanisms and operations."

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Caldera said, "In this sense, I should note with satisfaction that we are taking significant steps toward the country's modernization and advancement — steps that must be recognized even by those who have the most trouble in accepting this fact."

When elected president, Caldera noted, he received a report from Comptroller General Jose Ramon Medina showing that 60 percent of all taxes in Venezuela were not collected. The recent reforms are designed to make taxpayers comply in due time with their obligations to the state. He added: "Meanwhile, the taxpayer should be treated with respect, dignity, and consideration. He should be given the opportunity to present arguments to explain his situation. Changes should end the unfair relationship between the taxpayer and the Treasury, which in the long run was the framework that gave way to systemized corruption, and this was one of the worst evils ever confronted by Venezuela."

Caldera said taxpayers want their taxes to satisfy collective needs, primarily problems in education, health, and public services.

By the end of his speech, Caldera referred to the privatization of Indulac, the nation's largest milk producer purchased by Parmalat, "which is engaged in efficiently increasing production and making it possible not only to fulfill the country's demand, but also striving to make the country an exporter in this important sector of international trade."

Caldera added, "This is a sign that there is a real desire to privatize, but in a serious and responsible way, as well as to truly move toward achieving collective benefits."

Interior Minister: No Chemistry for Coup in Venezuela

PA2106011395 Caracas EL NACIONAL in Spanish 20 Jun 95 p D-4

[FBIS Translated Text] Interior Minister Ramon Escovar Salom said "there is no chemistry for a coup" in Venezuela. The high-ranking official has said he has heard nothing about a self-inflicted coup, a counter coup, or a paracoup [paragolpe], words which, in his opinion, are used here without reason most of the time.

Escovar Salom, who arrived in our country on 18 June after a week in England, declined to comment on the 50 percent increase in the country's crime level. He asked the media to allow him to analyze the figures and statistics in his office before answering the question.

Nor did he comment on the number of violent deaths that occurred during the weekend, adding that if the numbers are compared to those registered in other parts of the world, Venezuela's would be much smaller.

Escovar Salom said: These comparisons are not being made in any newspaper I have seen or in any other information. Comparisons indicate that acts occurring in Venezuela that are very deplorable are obviously much more inferior than those occurring in other parts of the world, and those statistics are not being published on the front pages of the newspapers.

Regarding important seizures that were carried out in the country recently, including cocaine involving the foreign minister's forged signature, he was asked whether this means drug trafficking has increased in Venezuela or if the actions of the police corps in this area have increased.

Escovar Salom answered: This may mean both things, but I cannot analyze the issue at this moment without having the information in my hands. I was not here when it happened. I still do not have the information, but the two interpretations are possible.

Furthermore, Escovar Salom said he knows nothing about a document that reportedly proposes a reduction of the governors' authority and the restoral of the Interior Ministry's power over regional authorities.

He said "the governors' authority is clearly stated in the Constitution. There is a national authority, and the governors are its agents. There is a republic called Venezuela. There are states comprising the national unity, and there are municipalities, as stated in the Constitution, and there is nothing more to add."

Asked about the comments by Moises Moleiro and Radames Larrazabal, who indirectly advocate "a self-inflicted coup," and drug money laundering in the casinos of Margarita Island, the interior minister offered the same reply: "Let me see what this is all about, because I got here yesterday."

He was quick to state, however, that during his recent trip to England he discovered that "smog" had been eliminated in London. Escovar Salom said he went to the UK to gather information on security issues and to coordinate a series of activities on that topic. "There are no isolated governments in the world nowadays. Actions against crime are carried out at the international level, and, therefore, security policies reflect what is being done in other countries," he said.

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